

**Privatizing Urban Planning and the Struggle for Inclusive Urban Development: New  
Redevelopment Forms and Participatory Planning in São Paulo**

by

Joshua Daniel Shake

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Doctoral Committee:

Professor Martin J. Murray, Chair  
Associate Professor David S. Bieri, Virginia Tech University  
Assistant Professor Harley F. Etienne  
Clinical Professor Melvyn Levitsky  
Associate Professor Eduardo Cesar Leão Marques, University of São Paulo

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## **DEDICATION**

To my mother, who gave me my love for books, inspired my passion for travel, and always encouraged me to ask questions about the world around me. She may no longer be here with me, but I know I would not be where I am today without her guidance and love and that she continues to provide both.

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## LIST OF INSTITUTIONS AND COMMUNITY GROUPS

6a Vara da Fazenda Pública de São Paulo  
Administração Regional da Sé  
AECOM Technology Corporation  
Agencia de Desenvolvimento do Centro  
Associação Comunitária de Moradores na luta por Justiça  
Associação de Moradores de Santa Ifigênia (AMSI)  
Associação de Moradores e Amigos da Santa Ifigênia e da Luz (AMOALUZ)  
Associação dos Comerciantes de Santa Ifigênia (ACSI)  
Associação dos Sem Teto do Centro (ASTC)  
Associação Sem-Teto da Cidade de São Paulo (ASTCSP)  
Associação Viva o Centro  
Banco Nacional de Habitação (BNH)  
BankBoston  
BOVESPA  
Caixa Econômica Federal  
Câmara dos Vereadores  
Central dos Movimentos Populares (CMP)  
Centro Gaspar Garcia de Direitos Humanos  
Comissão de Meio Ambiente da Ordem dos Advogados do Brasil (OAB)  
Comissão Normativa de Legislação Urbana  
Comissão Procentro  
Companhia City  
Companhia Metropolitana de Habitação de São Paulo (COHAB)  
Companhia de Trens Metropolitanos (CPTM)  
Concelhos Gestores Municipais (Municipal Management Councils)  
Concremat Engenharia  
Conselho de Defesa do Patrimônio Histórico, Arqueológico, Artístico e Turístico (CONDEPHAAT)  
Conselho Tutelar  
Consórcio Nova Luz  
Defensoria Pública  
Departamento de Estradas de Rodagem  
Empresa Municipal de Urbanização (EMURB)  
Escola Técnica Estadual  
Fórum Centro Vivo  
Fórum de Desenvolvimento Social e Econômico do Centro  
Frente de Luta da Moradia (FLM)

Fundação Getúlio Vargas  
Grupo de Articulação para a Conquista da Moradia do Idoso da Capital (GARMIC)  
Guarda Municipal  
Inter-American Development Bank (IDB)  
Jardim Edith Residents  
Metro de São Paulo  
Ministério da Administração Federal e Reforma do Estado (MARE)  
Ministério da Cultura  
Ministério das Cidades  
Ministério Público  
Movimento de Moradia da Região Centro (MMRC)  
Movimento dos Sem Teto do Centro (MSTC)  
Movimento Estadual da População de Rua (MEPP)  
Movimento Nacional da População de Rua (MNPR)  
Ocupação Mauá  
Odebrecht  
Pinheiros Vivo  
Pool of Businesses in Água Espraiada/Berrini  
Procuradoria Geral de Justiça  
São Paulo Obras  
São Paulo Urbanismo  
Secretaria de Cultura do Estado de São Paulo  
Secretaria dos Transportes Metropolitanos  
Secretaria Municipal de Desenvolvimento Urbano (SMDU)  
Secretaria Municipal de Finanças  
Secretaria Municipal de Habitação (SEHAB)  
Secretaria Municipal de Infraestrutura Urbana e Obras (SIURB)  
Secretaria Municipal de Planejamento Urbano (SEMPLA)  
Serviço Federal de Habitação e Urbanismo (SERFHAU)  
Sindicato das Empresas de Imóveis de São Paulo (SECOVI)  
Sindicato do Comércio Varejista de Material Elétrico e Aparelhos Eletrodomésticos no Estado de São Paulo  
Sistema Financeiro Habitacional (SFH)  
Subprefeitura da Sé  
Supremo Tribunal de Justiça  
Tribunal de Justiça de São Paulo  
UNESCO  
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## **ABSTRACT**

Large-scale redevelopment projects have grown in use around the world and taken many forms. In São Paulo, Brazil, the previous and current mayoral administrations have been directing projects to redevelop the Luz neighborhood of the downtown region through contracts with private sector developers for plan creation and project completion. Additionally, community groups participate in the process through the legally mandated municipal council. Redevelopment in São Paulo is therefore distinctive from other contemporary redevelopment project styles occurring elsewhere: it is resulting in the privatization of urban planning and has a little used form of required participation through the municipal council structure.

Nonetheless, contemporary understandings of these two governance forms suggest they cannot function concurrently. By examining cities as assemblages of urban policies—from local, national, and international sources—and understanding the pathways and contexts from which these policies emerge, we will gain new insights on the city. This reframing allows for a new understanding of public-private partnerships and democratic governance—one that breaks from the oppositional dichotomies present explicitly and implicitly in other accounts and provides for an understanding of the historical specificity of the two forms at this moment. Further, the São Paulo case exemplifies a more nuanced understanding of the public and private logics of urban development; they are not either/or, oppositional forces but occur concurrently in varied ways for the same urban space and



project. Sometimes, they function harmoniously with consensus and cooperation, but others with contention and conflict.

## **CHAPTER I**

### **Introduction**

In this research project, I am studying a large redevelopment project in central São Paulo. This project expands understandings of democratic governance in the privatization of urban planning and therefore informs perspectives on global trends in large-scale urban redevelopment projects. In São Paulo, a new form of privatized urban planning for redevelopment has emerged. This form combines public-private partnerships and participatory planning in the form of municipal management councils. Despite originating in the same historical, political, and economic context, the Nova Luz redevelopment project is the first instance of such a juxtaposition of governance structures. Unlike conventional understandings, however, the São Paulo case exemplifies that these two modes are not inherently incompatible oppositional forces; but rather, careful attention must occur as they are brought together or “assembled” and their concurrence is much more nuanced. The two forms operate sometimes harmoniously with consensus and cooperation, but at other times with contention and conflict. Nonetheless, they both have emerged in Brazil from the same historical context and are seen as two competing contemporary modes of urban development. In doing so, this research addresses the following questions:

- Can participatory governance coexist with the privatization turn in urban planning?

- What political and governance factors led to privatized urban planning in São Paulo redevelopment?
- What problems arise when democratic governance is coupled with privatized urban planning?

## **Megaprojects and Redevelopment**

In recent years, large-scale urban redevelopment projects have reemerged worldwide as both a tool for local urban renewal and increased global competitiveness (Fainstein, 2008, 2010; Lehrer and Laidy, 2008; Swyngedouw, 2002; Degen, 2003). Globalization of governance practices (Swyngedouw, 2002), the desire for prominence on the world stage (Degen, 2003), and connecting local populations and dynamics with the demands of a globalized capitalist economy (Jessop, 1997) have been noted as driving factors for this resurgence. Beyond global forces, locally-specific forces, like land use regulations, public sector powers, and societal trends have been identified as playing a more prominent role in recent years, as well (Shatkin, 2008; Wissink, 2013; Douglas et al, 2012).

Culture led redevelopment has taken hold as a popular form of redevelopment in large and small cities alike (Dundar, 2010; Degen, 2003). What began with Bilbao, Spain's reclamation of its riverfront in the late 1990s—and anchored by the Frank Gehry designed Guggenheim Art Museum—has been repeatedly mimicked as numerous other cities have looked to that city's example and attempted to create their own "Bilbao Effect" (Knox, 2009; Rybczynski, 2002). Many of these projects emphasize the use of high-profile architecture and cultural features (like art museums and performance spaces) as anchors of the revitalization process along with strategic partnerships with the private sector to achieve desired

redevelopment goals. Claims of exclusion based on socio-economic class and displacement of existing communities, along with a lack of local cultural sensitivity and not meeting economic development goals are some of the most common critiques of these projects (Knox, 2009; Rodriguez and Martinez, 2003).

Governance and management styles have changed across numerous cities and contributed to new forms of urban development, as well (Knox, 1991; Cox and Mair, 1988; Kirlin and Marshall, 1988). Hall and Hubbard note that this transformation in urban politics is one from the traditional functions of a city: from “the local provision of welfare services to more outward-orientated policies designed to foster and encourage local growth and economic development” through the provision of new agencies and institutions, along with collaboration with the private sector (1998, 2). In doing so, local governments have taken on characteristics traditionally associated with the private sector; namely, risk-taking, inventiveness, promotion and profit motivation in their search to evolve into the post-industrial city (Hubbard and Hall, 1998). This “entrepreneurial turn,” has allowed for many of these large-scale projects to take place (Harvey, 1989; Judd and Ready, 1986; Ward, 2003) but are nonetheless “contextually embedded...insofar as they have been produced within national, regional, and local contexts defined by the legacies of inherited institutional frameworks, policy regimes, regulatory practices, and political struggles” (Brenner and Theodore, 2002, 349).

In their study of Hong Kong, Jessop and Sum (2000) developed a theoretically based definition of entrepreneurial cities. This framework relies on the ideas of Schumpeter (1934), “who defined entrepreneurship as the creation of opportunities for surplus profit through ‘new combinations’ or innovation. Based on Schumpeter’s ‘ideas of innovation,’ Jessop and Sum found five principles and strategies of entrepreneurial cities that correspond to the policies of

these cities. These principles include: “the introduction of new types of urban space, new methods of space production to create location specific advantages, opening new markets, finding new sources of supply, and reconfiguring the urban hierarchy” (Jessop and Sum, 2000, 2289; Lim, 1990, 215; Schumpeter, 1934, 129–135).

In many of these entrepreneurial urbanism projects, elite interests often emerge that attempt to represent the interests of the city as a whole (Judd and Parkinson, 1990), despite the limited benefits to specific sections of the community (Hubbard and Hall, 1998). However, in Glasgow, this configuration has taken the form of a local government focus on large-scale development projects rather than a local capital and government coalition emphasis on economic development (Boyle and Hughes, 1994). Likewise, the idea of “place-making” and government-led coalitions have driven Manchester’s redevelopment (Williams, 2000). As such, Eisenschilz and Gough (1993) posited that perhaps the most critical component to entrepreneurial urban development success is the strategy’s popularity across the political spectrum.

Entrepreneurial urbanism, however, has been subject to critique. David Harvey (1989) is wary of their speculative nature and the shift away from “rationally planned and coordinated development.” He observes that this produces benefits and subsidies for populations within a specific area, divert concern from the broader problems of the territory as a whole, and exacerbate spatial inequalities (Harvey, 1989). Conversely, Robin Malloy has argued that these projects are inherently a departure from the traditions of governance. These projects “encourage activities in locations deemed undesirable for investment by private parties,” often result in government ownership of prominent structures— “reducing the ability of independent private capital to act as a check on government power,” and “obscure market information and hinder individual decision making” through fund-mixing (Malloy, 1991, 125-126).

While in the above cases government leads the development process, many other new mega-projects are largely private sector driven (Fainstein, 2008, 2010; Shatkin, 2008; Pirez, 2002). The public-private partnerships that have provided for new development in a number of cities (New York, London, and Amsterdam) can provide public benefits, but are nonetheless still profit driven and as such, adequate government controls are the only way to guarantee the provision of social goals in these projects (Fainstein, 2008, 2010). What often results in large-scale projects is “enclave development.” These types of projects in China and India do indeed exacerbate spatial segregation, but in varied ways because of new articulations of stakeholder groups (Wissink, 2013; Douglas et al, 2012).

Finally, some authors have warned about the privatizing effects of these types of large-scale development projects (Shatkin, 2008; Pirez, 2002). Shatkin (2008) has observed growing perceptions among influential actors in Southeast Asia that the private sector is more apt at articulating the public interest than the government. For Pirez (2002), the reduced government controls that have resulted from new political and economic structures have abdicated urban planning powers to private sector developers and eliminated democratic decision-making in Buenos Aires. Likewise, because of the flexibility in land uses and diversity of actual forms of redevelopment, these new mega-projects restrict the powers of oppositional forces and groups (Lehrer and Laidy, 2008).

Despite this identification of numerous trends in global redevelopment, the question remains: How do large-scale development and redevelopment projects continue to evolve and vary around the world?

## **Redevelopment in São Paulo**

Over the past 20 years, city leaders have attempted a series of projects to redevelop the Luz neighborhood of the downtown region in São Paulo. The two most recent mayoral administrations have taken these projects one-step further by pursuing unprecedented partnerships with the private sector for project creation and completion. This series of projects culminating in privatized forms of planning is example is one such new global trend in urban redevelopment and serves as the basis for this research. While many substantive features have changed as a result of the shift in political orientations between the various administrations, some basic features present in both of the most recent schemes will be introduced here in terms of the above literatures and discussed in detail in a later section. Additionally, the two specific projects and the transition between them illustrate the complexities of new redevelopment projects.

During the 1980s, Brazil—like the other nations of Latin America—was suffering the effects of the “lost decade” and seeking to enact structural readjustment and decentralization policies to regain control of its faltering economy thus changing the private sector’s role in governance and development. In the Luz region redevelopment schemes, the resulting shift towards new forms governance role is apparent. The public sector has experienced a “qualitative shift” (Ward, 2003) in its urban development role; instead of completely directing urban development, it has sought to facilitate urban plan and project development in consortium with the private sector, as demonstrated by the “muddling through” (Lindblom, 1959) and genealogy of projects in the region. This “qualitative shift” is further noted when examining the historic role of large scale developers, concessions, and contracts. While historically these all factored significantly in the development of public housing and other infrastructure projects in Brazil, the form in which concessions and contracts with the private sector is much different in the Luz

case. The scope, size, and lack of oversight from the public sector (in that only project guidelines were provided) are the most significant differences.

In the previous administration, through public bid, the private sector developed project plans for the entire region. In the current administration, the private sector is drafting plans for punctual projects in the region, as called for by the public sector. These configurations are similar to those observed in Manchester and Glasgow, where the local governments directed mega-project place-making efforts with significant private sector participation (Williams, 2000; Boyle and Hughes, 1994). Additionally, as Eisenschilz and Gough (1993) observed, multiple political orientations have attempted to use similar new governance strategies in São Paulo; yet, the repeated attempts at redevelopment in the neighborhood do call attention to the concerns raised by Harvey (1989) and Malloy (1991). The overall extent to which São Paulo's redevelopment attempts fit the "entrepreneurial" concept based on the above theoretical definitions posed by Jessop and Sum (2000) and others warrants further research, however the existence of entrepreneurial urbanism is indeed present in the city's urban planning.

At a more abstract level, what is occurring in São Paulo can be considered an empirical example of the transition "from the consumerist oppressive city to the functional emancipatory city" (Sklair, 2009), at least in terms of redevelopment outcomes. For her, globalization produces fragmented cities with "oppressive spaces" while the emancipatory city is inclusive and "provides for all" (Sklair, 2009, 2703). Privatized urban planning in São Paulo connects to the globalizing trends of the "oppressive city." Yet, it may have the structures in place through the municipal management councils to begin to break away from that form—although it is far from being emancipatory. The interactions between government, public, and private interests through



this new form of redevelopment and required participatory planning determine the possibility of achieving that structural change.

Both project formats also point to what Shatkin (2008) calls the “privatization of urban planning.” Unlike his case, however, the public sector in São Paulo is still the driving force behind the planning process, although it has abdicated the powers of plan development to the private sector. The case of redevelopment in São Paulo, Brazil is distinctive in a number of other ways from those discussed above, as well. A lack of participation (Shatkin, 2008; Swyngedouw, 2002; Pirez, 2002), socio-spatial exclusion (Shatkin, 2008; Lehrer and Laidy, 2008; Harvey, 1989), and poor integration within the project area and the city as a whole (Swyngedouw et al, 2002) plagued many of the examples discussed above.

Only Aarsæther et al (2011) specifically examine participatory governance forms in relation with new public and private sector development configurations. This case is limited to the Norway, however, and merits examination in other contexts. Other authors have indeed explored the interplays between community groups and large-scale development projects (for example, see Soja, 2010; Fainstein, 2010). These, however, have employed different theoretical approaches than those used herein, do not emphasize the public sector’s role in detail, and do not account for the coexistence of the two simultaneous forms of governance: privatized urban planning (and public-private partnerships) and participatory democracy. For example, Soja (2010), in explaining his theory of spatial justice, outlines the steps taken by community groups to negotiate community benefits agreements with real estate developers in large development projects in Los Angeles. Similarly, using her theory of the just city, Fainstein (2010), in elaborating her theory of the just city, looked at private sector-led megaprojects in three cities and found that public benefits can occur through government requirements in exchange for tax

relief. She noted benefits in the form of job creation, cultural facilities, and public housing; but that the public housing only occurred with substantial public sector financial support (ibid).

A number of authors have taken up Fainstein's theoretical perspective and explored the just city concept in more detail. Steil and Connolly (2009) examined the experiences of neighborhood groups in the South Bronx in reconfiguring redevelopment of a brownfield site to include environmental justice concerns. Thompson (2009) looked at the role of grassroots community groups in creating a counter narrative in New Orleans following Hurricane Katrina. While some government officials tried to implement policies restricting the return of blacks, Latinos, and the poor, some groups were able to inflict change in urban design and assist in the recovery and rebuilding of a few of the neighborhoods. Maricato (2009) has explored the positive outcomes and limitations of the urban reform movement in Brazil. She found that the movement was instrumental in the passage of the city statute (discussed in later chapters) and fortification of participatory democracy bodies at the municipal level, but she views it has been unsuccessful in changing the entrenched power structures that prevent the full realization of other urban improvements. Similarly, Wolf-Powers (2009) argues that "counterpublics" and activist planners have been and need to remain important actors in achieving socially just urban development.

Lefebvre's (2002) theoretical concept of the right to the city has served as a starting point for investigating forms of the emancipatory city. Uitermark (2012) outlines the history, achievements, and failures of Amsterdam's urban social movements in confronting the modernization push by the local government. Kratke (2012) discusses the issues that emerge from the creative cities push (forwarded by Florida, 2002) in that this economic development model privileges some portions of the so-called creative class over others, and often results in

gentrification. Liss (2012) discusses the growth of the right to the city grassroots movement and its actions in fighting for urban policy change. Similarly, Mayer (2012) traces the trajectory of the right to the city movements and places its origins in earlier movements combating local-level neoliberal policies and practices. Still other authors have framed their research directly as contesting urban neoliberalism. Mayer (2007) examined the forms and spaces of social movement contestation of urban neoliberal policies in the United States and Germany. Miller (2007) researched how some attempts at implementing neoliberal urban policies at a citywide scale in Calgary were prevented through effective community actions.

Many of these accounts, however, create an oppositional tension between community and real estate development or top down versus bottom up. In creating this opposition, they overlook the possibility to which the two can indeed exist together. Oldfield and Stokke (2007) detailed how community based activism in local politics in South Africa breaks this dualism, but in terms of the social movements themselves. This research, therefore, seeks to explore the coexistence and possibility of co-functionality between public-private partnerships and community participation in the form of democratic governance.

Different from the above cases, Brazilian federal, state, and municipal governments have been innovative in creating participatory planning framework that has taken the form of municipal management councils, beginning in the late 1970s as a response to anti-democratic authoritarian rule and some early economic reforms. This example of has now been mandated nationally, founded in a Lefebvrian “right to the city” and urban reform-emphasizing constitution that was developed from the late 1980s to early 2000s following over twenty years of military dictatorship rule. Therefore, across Brazil and in São Paulo specifically, public participation in

the form of municipal management councils is a legal requirement in many types of development projects, including those proposed for the Luz region of São Paulo.

Additionally, public housing provision has been an important feature of both redevelopment attempts, and is the central feature of the current administration's project. This marks a significant shift from the complete spatial segregation and enclave developments that resulted from many of the mega-projects discussed above.

Similarly, while some analyses emphasize the prominence of global factors in influencing redevelopment practices (Swyngedouw, 2002; Degen, 2003), in São Paulo these practices are rooted in the interplay between local and global forces, just as Shatkin (2008), Wissink (2013), Brenner and Theodore (Douglas et al, (2012) note in their respective contexts. To understand global trends in urban redevelopment, research must account for the local historic, economic, political and social features that contribute to policy and project creation.

### *Participatory planning: The Theory behind the Practice*

Participatory planning modes have emerged in recent years as an alternative to conventional top-down, rational "modernist" modes of planning. John Dryzek (1990) suggests that policy analysis technocratic modes obstruct the possibility of discursive democracy. Specifically, he has noted that traditional forms of defining policies fix ends; neutralize value differences; reinforce hierarchies and bureaucracies; usurp political debate; and limit politics to an elite control of policy analysis and formulation (Dryzek, 1990, 115). Achieving a form of discursive democracy, he cautions, will be difficult because of both the structural composition of contemporary liberal democracy and institutional frameworks; discursive democracy must be,

therefore, removed from the structures of the state and operate autonomously (Dryzek, 1990, 119, 128).

Patsy Healey has formulated one vision of collaborative practice for planning. Based on the work of Habermas, Healey promotes an “inter-discursive communication translation, rather than a superimposition of values” (Healey, 1993, 240-241). Subsequently, the undertakings of planning emerge as the process unfolds, rather than through a process based on set tasks (Healey, 1993, 240-241). Moreover, the agreements reached are “temporary accommodations of different perceptions” rather than completely attained ends (Healey, 1993, 239). Specifically, for her, communicative planning is a continual social learning process. That process draws on practical sense; searches for mutual understanding; involves respectful discussion within and between perspectives; constructs arenas for program formulation with minimal conflict; recognizes the potential validity of all viewpoints; employs reflexive and critical capacities based on moral respect; and has the potential for transformation and liberation (Healey, 1993, 242-244).

Other participatory planning forms find their basis in rationality (Forester, 1989; 1993; Flyvbjerg, 1998). For them, the greatest challenge to discursive democratic planning is in power structures and the conceptualization of rationality. Forester suggests that planners hold the power and must provide for participation through the “bounding of rationality”—acknowledging the social embeddedness of rationality, rather than rationality purely through technical or instrumental means (Forester, 1989; 1993). For Flyvbjerg (1998), power itself holds an inherent rationality and to make democratic governance work, power structures’ domination of rationality must no longer occur.

Finally, Amy Helling has analyzed a specific collaborative planning exercise and suggested that these types of processes have shortcomings, as well. She suggests that

collaborative processes can be unsuccessful in cases where focus is given to process rather than outcomes, the role of compromise in forming consensus is overlooked, and there is a bias towards expert knowledge (Helling, 1998, 344-345). However, despite her analyzed project's inherent difficulties and intractable size, there is still the possibility of collaboratively addressing large-scale projects through "visioning." In it, participants come together to form an "ideal future state" but not the plan to arrive at said state (Helling, 1998, 335).

Across the theoretical framings for participatory planning, two issues emerge as critical: timing of the meetings and open forums for all interested and relevant parties. In Brazil and in São Paulo, these two issues are evident as two major impediments to the full realization of democratic urban governance. As discussed below, despite the legal requirement for participatory planning through the municipal management council, key groups were excluded from contributing in it. Likewise, the implementation of these bodies following draft project completion suggests a favoring of technical knowledge rationalities (and market rationalities through the public-private partnerships) over a collective rationality through full public participation at all stages of plan development.

### *Policy Assemblages*

A growing push in the literature is attempting to understand cities, regions, and territories as "assemblages." As McCann and Ward (2011) point out, "policies and policymaking are also intensely and fundamentally local, grounded and territorial" but at the same time "assemblages" of "travels and transfers, political struggles, relational connections, and territorial fixities/mobilities brought together to constitute urbanism" (McCann and Ward, 2011, xiv-xv; Farias and Bender, 2010; McFarlane, 2011). Further, policies are "contingent on the historical-

geographical circumstances of each city and its relationship with other regional and national forms of decision making” but at the same time “fundamentally territorial in that it is tied up with a whole set of locally dependent interests” (McCann and Ward, 2011, xv). Therefore, “policymaking must be understood as both relational and territorial, as both in motion and simultaneously fixed, or embedded in place...the tension between policy as relational and dynamic, on the one hand, and fixed and territorial, on the other...is a necessary tension that produces policy and places” (ibid).

In sum, it is assemblages that create territories (McCann and Ward, 2011; Deleuze and Guattari, 1987). Policy assemblages “speaks not to the static arrangement of a set of parts, whether organized under some logic or collected randomly, but to ‘the process of arranging, organizing, fitting together...where an assemblage is a whole of some sort that expresses some identity and claims a territory’ (McCann and Ward, 2011; Wise, 2005, 77) Assemblages also occur at the local level: “in relationship to the global, the assemblage is not a locality to which broader forces are counterimposed. Nor is it the structural effect of such forces” (Collier and Ong, 2005, 12). Urban policy assemblages are, therefore, “achievements with uneven consequences—they involve practices and politics” (McCann and Ward, 2011, xvi). An urban region is therefore “an assemblage of central, regional, and local actors engaged in a complex set of political mobilizations at one point in time...all are part and parcel of a regional assemblage of political power that is defined by its practices, not by some predetermined scalar arrangement of power” (Allen and Cochrane, 2007, 1171). Thus, scholarship on policymaking “must be understood in terms of how, where, why, and with what consequences urban actors assemble elements and resources from wider geographical fields” (McCann and Ward, 2011, xvi); an approach that “makes room for space, since assemblages will function quite differently,

according to local circumstance, not because they are an overarching structure adapting its rules to the particular situation, but because these manifestations are what the assemblage consists of” (Olds and Thrift, 2005, 271).<sup>1</sup>

Some authors have observed these territorial tensions in São Paulo. For Leite (2009) “São Paulo is the paradigm of a local metropolis in a global world. It is simultaneously a world city linked to global networks and a local city with low-quality spaces that are ignored by local authorities” (Leite, 2009, 247). Santos et al (2002) observe that in São Paulo, “there is a worsening conflict between local space—that which is shared by all of us in our daily lives—and global space, which represents a logic and an ideological content beyond us. For this very reason the great contradictions of our time play out through the use of territory” (Santos, et al, 2002, 15). Finally, Peixoto (1998) suggested that in São Paulo, “we are dealing with a glocal metropolis, the repository of an urban area that faithfully portrays contemporary society, with all the contradictions of our time.”

I argue, therefore, that new and emerging approaches are necessary to understanding present-day global urbanism generally and the dynamics of São Paulo more specifically. Even more precisely, however, I suggest that some of the shortcomings in understanding the dynamics of contemporary urban redevelopment and civil society come from an under-elaborated framing of how cities are formed as “static arrangement of a set of parts” as McCann and Ward (2011)

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<sup>1</sup> Methodologically, McCann and Ward (2011) also stress that “cities are also important nodes in a globalizing world and that a focus on the practices that constitute cities as sites ‘of intersection between network topologies and territorial legacies’ (Amin, 2007, 103) is analytically crucial” (McCann and Ward, 2011, xvii). They caution, however, “scholars still do not understand in a deep and detailed way how those involved in urban politics and policymaking act beyond their own cities to practice or perform urban globalness and to articulate their cities in the world.” There is “a need for empirical detail on global political-economic relations...and more empirical accounts of the struggles, practices, and representations that underpin urban-global relations and that assemble or territorialize global flows (McCann and Ward, 2011, xvii). To understand how cities are formed, inquiry should “remain close to practices, whether through ethnography or careful technical analysis,” (Collier and Ong, 2005, 4) but “not lose sight of the contexts and constraints within which these practices are located and constraints within which these practices are located and by which they are channeled” (McCann and Ward, 2011, xvii).



suggest is the conventional mode. Understanding cities as assemblages also emphasizes the local level—the politics and practices (Olds and Thrift, 2005)—and the how, where, why and consequences of the assemblages of elements by urban actors (McCann and Ward, 2011). By shifting our understanding to cities as assemblages of urban policies—from local, national, and international sources---and understanding the pathways and contexts from which these policies emerge, we will gain new insights on the city. For my research project, this reframing allows for a new understanding of privatized urban planning and democratic governance—one that breaks from the oppositional dichotomies present explicitly and implicitly in other accounts.

### **Research Questions and Hypotheses**

After experiencing many decades of rapid growth, São Paulo city leaders are experiencing problems of trying to redevelop portions of its old downtown.

- Can participatory governance coexist with the privatization turn in urban planning?
- What political and governance factors led to privatized urban planning in São Paulo redevelopment?
- What problems arise when democratic governance is coupled with privatized urban planning?

*Redevelopment in São Paulo is distinctive from other contemporary redevelopment project styles occurring elsewhere in the world. It is resulting in the privatization of urban planning and has legally mandated participatory planning requirements in the form of municipal councils. Political and administrative issues both lead to the privatization of urban planning and inhibit the full realization of democratic governance.*

Following a series of other redevelopment projects in the region, the public sector turned to this new privatizing format *to overcome the issues of large-scale project implementation in a highly politicized context where the changes in political orientation of administrations results in major program changes*. Additionally, the decentralization of the public sector—with 27 secretariats—makes large-scale redevelopment project planning and completion difficult; *privatizing the planning and implementation provides for a consolidated rather than fragmented effort where such project scales may be impossible*.

For civil society, the municipal council has provided a structured and guaranteed forum for collaboration with the public sector. Yet, which parties receive seats is subject to the public sector's rule-making and not all community groups are able to participate. *The council has therefore fallen short of its ability to collaboratively plan with all interested stakeholders, and forced community groups to interact with the state through the court system and political alliances in addition to the formal municipal council*.

By reframing our understandings of cities as assemblages of processes and policies from distinct origins—from that of a static arrangement of a set of parts—and researching those contexts in which they emerge, *the failures of democratic governance and privatized urban planning are not due to their inherent incompatibility or oppositional nature, but rather in the ways that they have been assembled together in specific urban development projects*. In recognizing this, these issues can be identified and provide for the future success of these to governance modes together.

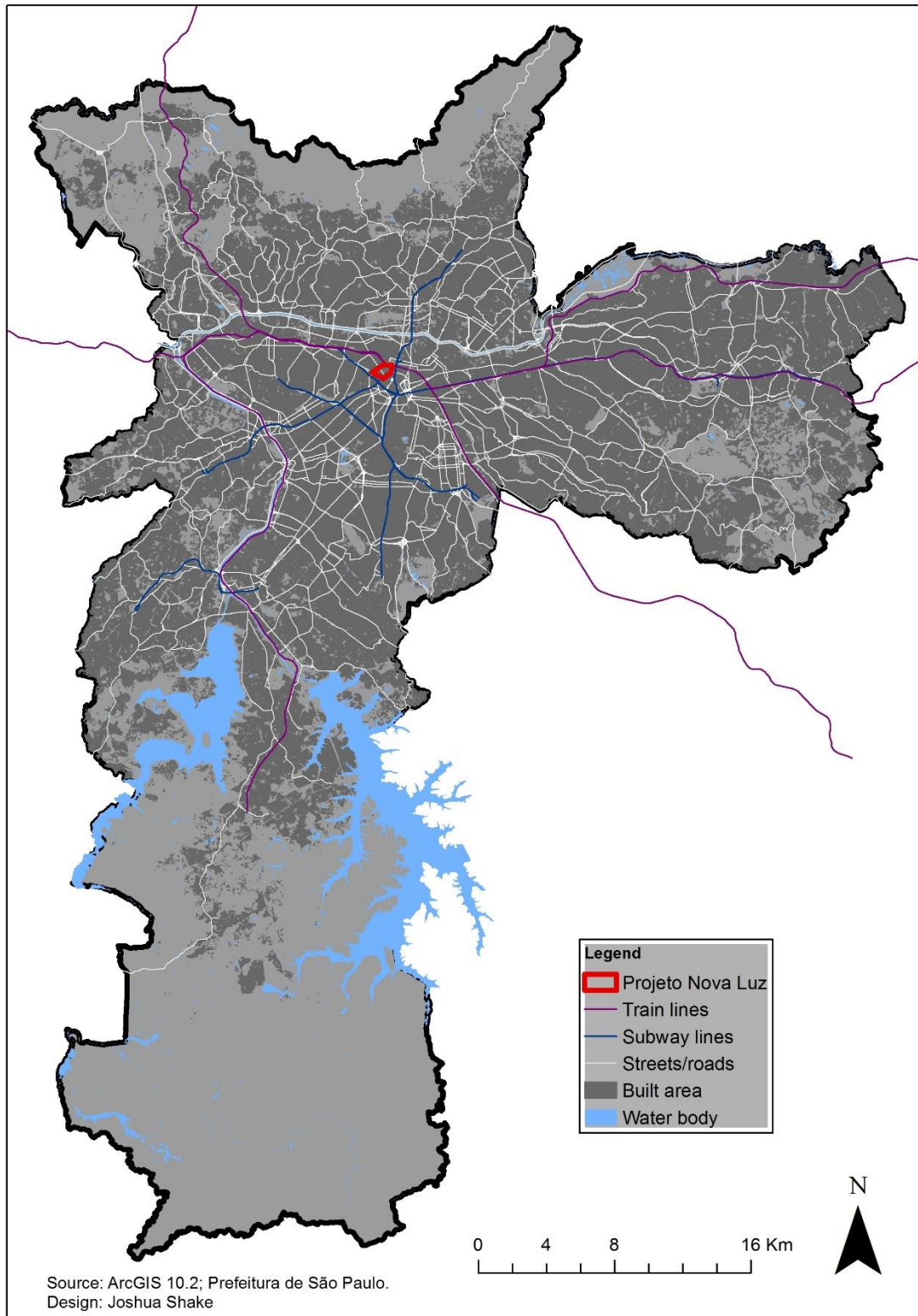
## Case Description

Over the past 20 years, the public sector in São Paulo has pursued a number of redevelopment projects in the downtown region. These include using cultural facilities as anchors for redevelopment and revitalizing historic structures through the Projeto Monumenta (Monuments Project) and Procentro programs; and financial incentives through Operações Urbanas (Urban Operations). Recently, the City of São Paulo released new plans to redevelop 45 blocks of the region known as “Nova Luz” in 2011. Comprising the Bom Retiro, Luz, and Central neighborhoods of São Paulo, it is just north of the traditional, historic downtown region of the city. Although seen as under-utilized in terms of its central location, the region currently consists of numerous commercial activities, including Santa Ifigênia Street (shown in Figure 1)—one of the most important electronics-vending districts of the city, and cultural spaces—including the Sacred Art Museum, State Art Museum, Sala São Paulo (a state-of-the-art symphony hall) and Portuguese Language Museum. In addition, there are approximately 11,600 (mostly lower income) residents, 24,000 employees, and other users in the area (Prefeitura de São Paulo, 2011). Moreover, until their police-led forced removal in January 2012 as part of efforts to combat drug use, the region was denominated “Crackland” (Crackolândia) by the media, public officials, and the public—where a large portion of the city’s homeless drug-addicted population resided.



**Figure 1: Busy Commercial Street in Region (image by Joshua Shake)**

A few authors have investigated some of the specific issues and dynamics of the Luz neighborhood. De Paiva et al have suggested that the rehabilitation of a portion of the Julio Prestes Station into the concert hall (Sala São Paulo)—which was one of the initial projects in the area—has set off a process of gentrification in the neighborhood (de Paiva, de Castro et al). Similarly, Frúgoli and Sklair (2009) have discussed the extent to which the Nova Luz and related projects fit conventional characterizations of gentrification. Additionally, the Funarte art collective has suggested ways of rethinking the neighborhood’s redevelopment through increased participation from a wider array of individuals, including current residents and users of the area (Funarte, 2008). Francisco (2011), in his master’s thesis, also has documented the processes of the passage of the Urban Concessions law and Nova Luz project in the city council. Finally, in an analysis of Crackolândia, Frugoli and Spaggiari (2010) have suggested that it is in fact a new urban modality, and social service providers must consider it as such to effectively reach this population.



**Figure 2: City of São Paulo and Nova Luz Project (depiction by Joshua Shake)**

### *Projeto Nova Luz*

In an unprecedented action, the City used newly drafted legislation (Urban Concessions law) to contract private-sector consortiums for plan development and project execution (in two separate phases) through public-private partnerships for the area. The project sought to rehabilitate this district of nearly 500,000 square meters through the construction of new plazas, public housing through special zoning (ZEIS), social services and possibly new post-industrial commercial offices (Prefeitura de São Paulo, 2011). To do so, the city (which was to provide a majority of the project's funding, along with aiding through the eminent domain of buildings and land) contracted a consortium made up of Brazilian firm Concremat Engenharia, British and Brazilian firm Companhia City, and American firm AECOM which drafted the plans for Phase I. Other related projects in the neighborhood include a dance theater and music school under the direction of the State Culture Secretariat and a technical school. It is important to note the historical significance of this model of urban development. While historically large scale developers, concessions, and contracts all factored significantly in the development of public housing and other infrastructure projects in Brazil, the form in which concessions and contracts with the private sector is much different in the Luz case. The scope, size, and lack of oversight from the public sector (in that only project guidelines were provided) are the most significant differences and explored more below.

**Table 1: Nova Luz Project Basic Information (data from Prefeitura de São Paulo; design by Joshua Shake)**

Project Area:	50 hectares (45 blocks)		
Current Inhabitants:	12,000	Proposed Inhabitants:	12,000
Current Jobs:	24,000	Proposed Jobs:	19,400
Total New Housing Units:	4986	New Public Housing Units:	2193
<b>Costs</b>			
Design Phase:	R\$ 13.7 million		
Preliminary Infrastructure and Streetscape Improvements (completed):	R\$ 12.5 million		
Implementation Phase (5 stages, 15 years):	R\$ 1.1 billion		
Implementation Cost to Municipality:	R\$ 370 - R\$ 621 million		

Due to the large scale of the project, numerous city government bodies participated, including the Housing, Urban Development, and Social Assistance Secretariats, along with the contracted consortium that completed the plans. Table 1 summarizes basic information about the project scope and costs. In Phase II, the city government would have contracted the entire 45-block project area (depicted in a typical street scene in Figure 3) to a single consortium for project completion. During that construction phase, current landowners would have been able to choose to participate according to the pre-existing plans or cede their property to the construction firm for completion. This, and issues regarding public housing provision, led to the formation of numerous groups opposing the project, including two residents' associations and an association of commercial interests. Housing interest groups directly participate in the process, as the city and federal regulations require a Municipal Management Council for the public housing portion of the project. This forum, however, only has purview over housing; thus, restricting the commercial interest association's participation in these discussions. This has resulted in two intersections between civil society and the city government: a federally and municipally



required participatory forum (Municipal Management Council) wherein groups have been attempting to change specific features of the project, and court battles led by the commercial association and intent on having the entire project declared unconstitutional.



**Figure 3: Streetscape Adjacent to Estação da Luz (image by Joshua Shake)**

### *The Demise of Nova Luz and New Proposals*

In late 2012, during the waning months of the now previous city administration (Gilberto Kassab, formerly DEM now PSD, both aligned with PSDB) that drafted the above-described planning mechanism, issues of participatory planning and politics became very apparent. (Note: The PSD (Partido Social Democrático or Social Democratic Party), DEM (Democratas or



Democrats), and PSDB (Partido da Social Democracia Brasileira or Brazilian Social Democracy Party) are commonly viewed as being right-center oriented Brazilian political parties and often aligned. Gilberto Kassab was José Serra's vice-mayor and became mayor in 2006 after Serra stepped down to run for Governor of São Paulo State. Kassab was then reelected in 2008. Because of term limits, he was not eligible for reelection in 2012; however, Serra ran for mayor again). Numerous court stays prevented the city government from beginning the public bid process for Phase II because of a lack of adequate participation in the project's elaboration. Based on interviews with city officials, they were still attempting to release the documents and sign a contract with firms for Phase II completion even in the final weeks of the elected term. Community groups, however, realized that if they were able to cause one more delay in the process, the city would not have enough time to meet the required bid period window. At the same time, community groups obtained an agreement with three of the four mayoral candidates to "renegotiate" the project. Only the former mayor (José Serra, PSDB), who came up with the initial idea for the Nova Luz project, did not sign.

Fernando Haddad (PT) was elected mayor in a second round run-off with Serra in late October 2012 and took office in January 2013. (Note: The PT (Partido dos Trabalhadores or Workers Party) is widely considered to be the major left-center party in Brazil). Although it is too early to obtain more specific details, Haddad and the Secretariat of Urban Development have suggested that they will be following the courts' suggestion that there was not sufficient participation in the plan elaboration process and draft a new project for the area. Instead of using the one consortium model for project construction and completion as proposed in the previous administration, they are to pursue a more conventional public-private partnership format where the city creates numerous contracts for site/building/sub-project specific completion. They

intend to maintain many of the components and directives of the previously created plan, however. A leader of one of the housing associations has suggested that this new direction already shows a great relationship with the Haddad administration. Additionally, the city government is pursuing large-scale redevelopment not in the downtown region, but instead in a neighboring region along the river in the Arco Tiete (Tiete River Arc) Project; public-private partnerships will direct this project, but their form and the specific project details have not yet taken shape. Interestingly enough, however, Haddad, while working in the Federal Ministry of Planning drafted Brazil's public-private partnership legislation.

The one action taken in the region by the Haddad Administration that has been implemented is the Braços Abertos program. This program seeks to depart from previous policies addressing the area's crack-addicted population. Instead of a confrontational approach, this new approach attempts to provide supportive housing, job opportunities, counseling, medical, and rehabilitation services and has been recognized internationally for its innovative approach.

While the above-mentioned projects represent the continuity of urban planning actions in the Luz region of the city, they nonetheless were of a much smaller scale and scope than Projeto Nova Luz and most have not progressed significantly beyond planning stages. In this sense, the urban megaproject attempts for the region have at least temporarily ended. Early in Haddad's administration megaproject attention shifted to the Arco do Tiete development project. This sought to redevelop a large area of the city along both banks of the Tiete River, which bisects the municipality near the Luz region but not including it. An open competition for design conceptualizations was held in 2013, with a number of proposals publicly presented. Since then,

however, the current political and economic crisis has deepened in Brazil and halted any further progress on this project.

Finally, São Paulo plays a pivotal role in influencing urban policies across Brazil. Although the public housing special zoning (ZEIS) exists in other municipalities and in other parts of São Paulo, this case will be the first to construct that form of housing in the downtown region of a Brazilian city. São Paulo's urban policies also often influence both national urban policy and policies enacted in other Brazilian cities. One example of this is the aforementioned Urban Operations, which were in use in São Paulo for many years before their institutionalization nationally with the passage of the City Statute (discussed below). Finally, even within São Paulo, among the various redevelopment tools, this was the only one that has a municipal management council connected to it, albeit only for the public housing portion.

## **Methodology**

This research used a mixed-methods, critical case study format, following Ragin and Amoroso's (2010) presentation of methodologies in the social sciences. The series of redevelopment projects in downtown São Paulo served as a yet-underexplored example of democratic governance in conjunction with the emergence of privatized urban planning. According to Yin's (2008, 13) definition, "a case study is an empirical inquiry that investigates a contemporary phenomenon within its real-life context, especially when the boundaries between phenomenon and context are not clearly evident". Therefore, the case study format functioned best to understand the complexities and intricacies of the new style of redevelopment in São Paulo and mandatory participatory planning in the privatization of planning.

As Yin (2008, 45) also points out, a single case study allows research to “uncover very complex dynamics of one setting of interest than to look less deeply at more settings,” which will allow for my profound examination in this research project. Therefore, my overall research design will take the format of a “linear-analytic case study” emphasizing exploratory and descriptive purposes (Yin, 2008). Generalizability can also be possible, following Yin’s (2008) classification that case studies are generalizable to theoretical positions rather than populations or universes. In this sense, I seek to theorize about both new forms of urban redevelopment and the ways in which democratic governance interacts with the privatizing urban planning which results from it.

Additionally, this research employed a strategy used by Shatkin (2008) in his research into the privatization of planning practices in Southeast Asia. He uses both an actor-centered approach “that focuses on how actors, both internal and external to localities, shape urban space in response to forces of change operating across different scales” (Markusen, 2004; Olds, 2001; Yeoh, 1999; Shatkin, 2008, 2); and an emphasis on “the historical development of a city, which shapes the context in which local actors act” (abu-Lughod, 1999, Shatkin, 2008, 2). Researching the historic emergence of specific urban governance strategies in São Paulo, along with understanding the roles and configurations of private, public, and civil society actors and institutions through interviews, meeting attendance and document analysis sought to understand the case of urban development in the city through the above lenses. Additionally, it offered the ability to recognize the complexities of politics, development, and institutions in contemporary Brazilian urban development.

Specifically, throughout my research project, I primarily relied upon interviews and participant observation of meetings and deliberations. Additionally, I employed analysis of

official and unofficial documents. I conducted a preliminary phase of data collection and analysis periodically from 2010-2012 in order to inform this dissertation research project. However, the research protocols followed those presented herein.

During my primary phase of data collection, I conducted a range of interviews with city officials, planners, real estate developers, municipal council participants, local residents, shopkeepers, and individuals involved with NGOs active in the neighborhood. Interviews were semi-structured, to allow new ideas to emerge based on the respondent's comments, to provide depth of content through single respondents, and to allow for comparisons across the individual responses (Weiss, 1994). These were 60-90 minutes in length, to provide for scheduling flexibility and minimize respondent fatigue (Weiss, 1994). I used a snowball sampling approach (Weiss, 1994) to identify respondents. Initially, I identified those city officials and planners directly involved with the redevelopment projects through the attendance lists provided in the municipal council meetings minutes. Similarly, the community groups that sit on the municipal council served as the point of departure for that set of interviews. Internal government documents, like public bid contracts and lists of firms that responded to requests for proposals, identified private-sector developers. From all of these initial groups of respondents I used the snowball technique to identify further interviewees.

In order to analyze these interviews, I coded them based on thematic subject areas (Weiss, 1994). These categories included collaboration with other community groups; plan components/demands; participation between community groups and public sector; relationship between public sector and private sector firms; and community group actions outside of the municipal council. I analyzed the various meetings following the ethnographic field notes format (Emerson et al, 2011); that is, meeting notes focused both on substance and the

interactions between individuals and were coded according to the same categories as the interviews. In order to generate evidence, provide for confirmability, and credibility (Groat and Wang, 2002), I also triangulated my findings across the various types of data sources examined. In the table below (Table 2), I summarize the various methodologies; data sources; evidence produced; and how these relate to other data generated through triangulation.

**Table 2: Breakdown of Research Methodologies and Types of Evidence (design by Joshua Shake)**

<b>Method</b>	<b>Data Source</b>	<b>Evidence Yielded</b>	<b>Relation to Other Data (“Triangulation”)</b>
Interviews, 60-90 Minute, Semi-structured	City Officials	Rationale for plan formats; perspectives on role of participation in process	Confirmed through interviews with other groups and through official statements in media
	Planners	Insights into plan development process; perceptions of interactions with community groups, municipal council, and developers; planner’s role when private sector contributes to plan development	Confirmed through analysis of plan documents and internal government documents; through interviews with the other parties and through municipal council meeting attendance and minutes
	Real Estate Developers	Perspectives on opportunities provided by redevelopment projects; specific forms of participation in drafting plans	Confirmed through plan documents, interviews with planners, and internal government contracts and request for proposals documents
	Municipal Council Participants (leaders of the three housing community groups)	Collaboration between specific groups to achieve collective goals; perceptions of redevelopment projects and specific interests; perceptions of interactions with the government and with developers	Confirmed through interviews with planners and commercial group; internal group documents and meeting attendance; and through municipal council attendance and minutes
	Commercial Interest Group Leader	Collaboration between specific groups to achieve collective goals; perceptions of redevelopment projects and specific interests; perceptions of interactions with the government and with developers	Confirmed through interviews with planners and housing groups; internal group documents and meeting attendance
	Local Residents	Perspectives on redevelopment projects; perceptions of representation by housing community groups	Confirmed through interviews with housing groups, NGOs, and any statements made in public hearings
	Shopkeepers	Perspectives on redevelopment projects; perceptions of representation by	Confirmed through interviews with commercial interest group and any statements made in public hearings

		commercial community group	
	NGO Leaders with Activities in Neighborhood (Tenement Housing, Homeless Organizations)	Perspectives of other interested parties not included within municipal council but directly impacted by redevelopment in neighborhood	Confirmed through involvement within public hearings; interviews with planners confirm receptiveness to their perspectives and issues
Participant Observation	Municipal Council Meetings	Structure and format of legally-mandated participation; collaboration between community groups and city planners	Participation adequacy, collaboration, and decision making powers confirmed through court documents and interviews with planners and municipal council participants
	Public Hearings	Perceptions of publics not part of municipal council	Confirmed through media coverage of redevelopment projects
	Community Group Meetings	Varied forms of activities within municipal council means and other direct actions pursued	Confirmed through interviews with community groups; through media coverage of direct actions/public activities; and through municipal council meetings and minutes
Content Analysis of Documents	Municipal Council Meeting Minutes	Collaboration between community groups and government; decision-making and project definition powers granted to them	Participation adequacy, collaboration, and decision making powers confirmed through court documents and interviews with planners and municipal council participants
	Redevelop. Plan Documents	Specific components of plans to determine how different from other styles of redevelopment	Confirmed through conversations with planners, officials, and developers to determine roles and rationale in plans
	Internal Government Reports	Procedures for municipal council structure; contracts with private sector; requests for proposals from private sector	Municipal council structure confirmed through interviews with participants; private sector interactions confirmed through interviews with those parties
	Internal Community Group Documents	Varied forms of activities within municipal council means and other direct actions pursued	Confirmed through community group meetings and interviews with leaders
	Court documents	Legal perspectives on redevelopment projects and participation within them	Confirmed through interviews with planners and community groups discussing participation
Content Analysis of Archival Materials	Newspaper Articles/Other Media Coverage	Background information; election information to determine role of politics in defining projects	Confirmed through interviews with planners and community groups discussing project changes with political party changes

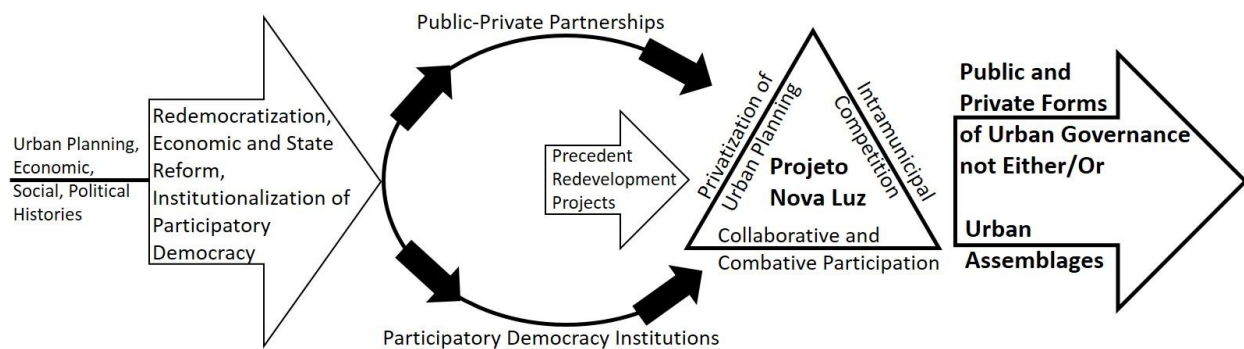


Following data collection and analysis of the materials and information gathered through interviews, meeting attendance, and internal planning and community group documents, I then organized the data as it pertained to the redevelopment and participatory proceedings, respectively. These categories then formed the basis for the information presented in Chapter 3 and Chapter 4, in which I reconstructed the Nova Luz planning and participation process bringing together both the outcomes and the perspectives of those involved from municipal departments, community groups, and the consortium development team. In many instances, interview subjects and documents referenced other documents, laws, and precedent projects. These were therefore consulted in a second phase of background research in order to fully establish the origins of the Nova Luz redevelopment attempt, privatization in urban planning, and participatory planning requirements, which helped inform Chapter 2 directly, as well as Chapters 3 and 4.

### *Comparisons with Other Cases*

Finally, since understanding how redevelopment in São Paulo is distinctive from other contemporary forms of redevelopment is an essential part of my research project, I completed brief comparisons with projects in other parts of São Paulo. For this, I will rely on accounts provided in the literature on redevelopment and other government documents available on official websites. Following recent methodological developments in conducting urban comparisons, whereby urban policies, contexts, and outcomes serve as basis for the comparison (Robinson, 2011; Gough, 2012; McFarlane and Robinson, 2012), my principal secondary comparison was a series of redevelopment projects conducted in São Paulo throughout the 1990s and early 2000s. This project sought to stimulate growth and development in an emerging new

centrality in São Paulo. Therefore, this too is representative of yet another form of privatized urban planning. Some differences do exist from my primary case in the structure of the public-private partnership format, role of public housing, and specific forums for public participation; nonetheless, the privatizing outcomes, Brazilian context, and similarities across the various urban policy instruments provide for a compelling comparison.



**Figure 4: Dissertation Concept Diagram (design by Joshua Shake)**

## Structure of this Dissertation

In order to explore these interplays between the competing logics of public and private as clearly expressed in the São Paulo case, this dissertation is divided into six chapters and graphically displayed in Figure 4. Following this introduction, Chapter 2 discusses the social, political, economic and governance histories—as well as the urban planning trajectories in São Paulo—that led to the assemblage of public-private partnerships and participatory democracy institutions in Nova Luz. Chapter 3 explores the structure of the Nova Luz Project in greater detail, showing how it is a new form of privatized urban planning. In Chapter 4, this dissertation details how this new configuration of urban governance forms resulted in different forms of

participation—in both collaborative and combative practices. Chapter 5 returns to urban assemblages of spatially specific and contextual policies, places Nova Luz in the wider São Paulo perspective, and considers the intramunicipal competition that stemmed from this assembling of various redevelopment projects, tools, and instruments. Finally, Chapter 6 offers conclusions about how the São Paulo case exemplifies a more nuanced understanding of the public and private logics of urban development; reframing our understanding of these two urban governance modes through urban assemblages rather than static arrangements of parts, it becomes clear that the public and private logics are not either/or, oppositional forces.

## **CHAPTER II**

### **Brazilian Urban Planning and Redevelopment after Modernism: Participatory, Privatizing, and Culture-led**

Although the Nova Luz project occurred during recent mayoral administrations, it followed a series of other redevelopment attempts in the region, which successively increased the scope and scale of project efforts. Similarly, the project's structure and goals fit within the evolving role of the Brazilian state in shaping urban policies and form. Likewise, the increased role of social movements following the collapse of the military dictatorship, along with economic and state restructuring that occurred during the same period, greatly influenced the use of public-private partnerships and the role of participatory planning in Nova Luz. That is, to understand this project's structure, scope, and failures, it must be situated within larger historical, economic, and political contexts.

Throughout much of the 20<sup>th</sup> century, a strong central state in the form of a military dictatorship shaped urban planning in Brazil. Upon its collapse—which was benefited by an increasing role of social movements—urban planning found itself in a vacuum. As restructuring of the government and governance, occurred, both neoliberal policies and social movements found institutional holding in new laws, programs, and regulations. I argue that both the shift to privatized urban planning (through public-private partnerships and increased roles for the private sector) and participatory planning emerged from this same historical moment. Today, urban planning in both São Paulo and Brazil is both participatory and has traces of neoliberal or

entrepreneurial approaches to urbanism. These structures are both benefited and hindered by a restructuring of the technocratic role of planners—in which master plans hold a central role, but the top-down model is no longer that of modernism.

### **Economic Functions, Spatial Form, and Centrality in São Paulo**

Today the city of São Paulo has a population of almost 12 million inhabitants (and the region about 20 million), represents about 12% of the national GDP, and is the 10<sup>th</sup> richest city in the world. However, the roles of changing centralities and economic functions in São Paulo is critical to understanding its current spatial form and national and international prominence (Pinto & Galvanese, 2009). Rolnik (1997) has argued that São Paulo's changing centers has been a direct result of the concentration of wealth, power, and public investments—all part of the larger process of catering to elite interests; that is, her highly politicized argument is that of a changing of elite centralities within the city at distinct periods. Frugoli (2000) argues against this point, suggesting that each of the centralities within São Paulo has been and is subject to distinctive historic, power, real estate, and especially social dynamics and processes that make such analysis incomplete. Although those dynamics may be at play, one must also consider the changing role of São Paulo in larger economic systems to understand how its centrality regionally and nationally has changed, along with the changes and emergence of new centers within the city itself. This, in turn can further inform the processes behind the redevelopment attempts of the old downtown region.



Today, the city of São Paulo is the largest city in South America and has the largest GDP in the entire Southern Hemisphere. It was first settled in 1554 as a Jesuit community. However, for much of its history it was nothing more than a sleepy and poor trading post on the frontiers of the Portuguese colonies. Nearly 2000 years later, in 1711, it reached city status, with the discovery of gold in neighboring states and the creation of connecting trails between the city's strategic location between the interior and the coast. The 1800s saw the foundation of a law school in the city (1827), strengthening the still small city's role nationally as an educational center. Figure 5 shows the city of São Paulo, the São Paulo region, and the location of the Nova Luz project.

Later in the century, as coffee moved from the productively-exhausted plantations in Rio to new areas in São Paulo (first to the east of the city and later to the north), the city's centrality became ever-more important in its development. In 1869 the railroad connecting the city down the escarpment to the port of Santos, less than 100 kilometers away, solidified this role. Soon after, other railroads connecting São Paulo with the coffee producing regions and other smaller cities in the interior of the state were completed. Thus, São Paulo became the commercial and cultural center for the state and region as a whole. Finally, in 1888, Brazil became the last major country to abolish slavery, creating a significant labor deficit in the country, as slavery was the primary source of manpower on the vast coffee plantations. To confront this, the federal government passed laws promoting European immigration primary from Italy, Portugal, and Spain. São Paulo was the principal center for this immigration receiving hundreds of thousands of people disembarking in Santos and passing through the city and its Hospedaria dos Immigrantes (immigrant temporary housing and inspection station) before either staying in the city or heading off to the agricultural regions near the city.

Coffee was indeed the heart of the economy, accounting for 63% of the country's exports in 1891, and 51% between 1901 and 1910. And this production, largely in the agricultural hinterlands near São Paulo, provided for the agglomeration of services, stores, and commercial activities in São Paulo. Singer (2004a) notes that in this form the principal factor markets (capital and labor, both due to coffee) were formed for the industrial development of the city of São Paulo. During this period, an ever-growing portion of social production was converted to money and capital for later investment. During the coffee boom years, excess capital from coffee production profits began to be invested in new industrial activities within the city. Additionally, due to coffee a significant number of workers were attracted to São Paulo, ready to offer their labor to whomever offered better remuneration. He points out that it was also directly due to coffee that the dense railroad network was developed with São Paulo at its heart, connecting it to a large region and potential markets (Singer, 2004a).

Singer (2004a) further notes that as a result of these structural changes—replacement of subsistence agriculture with an external market, substitution of slave labor with free labor, and urbanization and centrality—an internal market supplied principally from imports was created. Thus, “the industrial centralization process in São Paulo did not result from formal actions, but rather the blind actions of market forces” (Singer, 2004a, 208). These forces also went unnoticed and unchecked for a significant amount of time, resulting the “national Brazilian economic distortions” seen today—where São Paulo still accounts for about 12% of the national GDP today (Singer, 2004a, 208; IBGE).



**Table 3: Economic Activities of São Paulo in 1976 and 2001 (data from IBGE and PNAD; design by Joshua Shake)**

Sector	1976	2001
Industry	37.7%	18.9%
Commercial	12.2%	16.5%
Services	16.6%	23.8%
Social	6.8%	11.3%
Other Activities	16.7%	20.0%

The consolidation of São Paulo as an industrial center occurred with the collapse of the coffee markets in the 1920s-1930s and continued through the 1960s-1970s. Many of these industries found themselves concentrated along the railroad corridors crisscrossing the city. Over the past 40 years, however, São Paulo has become less an industrial center and a center for services. The first of these centers developed even as coffee was losing ground as an economic activity. For much of the 20<sup>th</sup> century, the most important center for services was the actual center or downtown of the city, which concentrated a large part of the wholesale commercial activities, including foodstuffs, household goods, and clothing, along with banking headquarters and other related public and private services. In the 1970s, the substitution of industrial activities for services became more noticeable, but was nonetheless facilitated by the previous concentrations of activities in São Paulo. Biderman (2004) notes that it is this longstanding trend of concentrations nationally that continued São Paulo's central role in the new economy based on service sectors. Singer (2004b) has noted this as well: "São Paulo, as the largest national metropolis, has a larger market for the new services derived from technological innovations or the emergence of new needs than other urban centers (230). Specifically, this shift is noted in the 25-year period between 1976 and 2001. In 1976, industry comprised 37.7% of economic activities in the city, commercial 12.2%, services 16.6%, social 6.8%, and other activities 16.7%.

While in 2001, industry had declined to 18.9%; commercial had grown to 16.5%; services had grown to 23.8%, social had grown to 11.3%, and other activities had grown to 20.0% (Singer, 2004b, data from IBGE and PNAD). It should be noted that the final four categories: commercial, services, social, and other, all typically comprise the denominated “services” sector. This information is summarized in Table 3.

The coffee production and related factors and industrial growth resulted in São Paulo’s centrality and agglomeration of activities at a macro scale and the concentration and concentration of these activities in the historic downtown at a micro scale. Two factors influenced the shift from this historic center to two new centralities within the municipality along the latter half of the 20<sup>th</sup> century. Nationally, the 1960s and 1970s brought about new legislation and restructuring of banking and financial services. São Paulo was an early financial center, but this solidified São Paulo as the national center. In 1964, São Paulo had less than one-third of national bank headquarters and most banks were regional with 328 in total (Luna, 2004). By 1980—following the legislative changes, concentration of banks, buyouts and end of regional banks—only 111 banks remained and São Paulo headquartered six of the ten largest banks (ibid).

It was precisely the resulting shift in real estate needs, coinciding with larger trends in urban planning and public investment directions in the city, which resulted in the emergence of the new centrality of Avenida Paulista in the 1970s. Cordeiro (1993), however, argues that this process actually reflects the global shifts from Fordist regimes to flexible accumulation modes of production. Whichever the forces at play, at the local level planning actions—beginning in the 1930s with residential developments—were slowly moving São Paulo’s economic center to the southwest. Inspired by the garden city movement in Europe, Companhia City (interestingly

enough one of the companies making up the Nova Luz project consortium) created the Jardins neighborhoods drawing elites away from the old center in the 1930s. At the same time, major public works under the direction of influential mayor Prestes Maia in his Plano das Avenidas (Avenues Plan) opened up new means of circulation to the growing neighborhoods. Rolnik (1997) attributes these shifts to the exhaustion of profitability within the first/inner ring of São Paulo urban development. During the 1960s and 1970s, Avenida Paulista, which until then was the symbol of wealth during the coffee boom and lined with the mansions of coffee barons, began to take new form. The old houses began to be demolished and replaced with bank headquarter towers, communications antenna, and large corporations thanks to new land use laws permitting office buildings averaging 30 stories, real estate speculation and valorization.

Frugoli (2000) and Rolnik (1997) point out that, continuing into the 1990s and the 1993-1994 municipal budget under Mayor Paulo Maluf, 85% of funds were destined in this southwest axis, mostly in road construction in already valorized areas like the Ibirapuera tunnel, the extension of Avenida Faria Lima and connections with the new office complexes along the Pinheiros River. That new complex, referred to as the Faria Lima/Berrini region, is the newest centrality to emerge in the city. The first complex completed in the area was in 1977, just as the Paulista region was realizing its full potential as a new center. Most of the redevelopment activities in this region, however, have occurred during the 1990s-2000s. It is worth noting here, however, that research into the origins of investment capital in the region found that almost half of the business headquarters calling it home are international or multinational groups (Frugoli, 2000). Thus, this consolidation of this region as the new economic center of São Paulo coincides with larger economic shifts and the globalization of service sector activities (see Sette Whittaker

Ferreira, 2007 for a deeper debate about the role of global capital in the Berrini/Faria Lima region).

### **Shifting State Powers: Brazilian Urbanism since 1960**

Since the 1960s, Brazilian urbanism can be divided into three phases: authoritarian, technocratic high modernism; post-military dictatorship planning and urban development with the emergence of the Urban Reform Agenda; and, the period following the Urban Reform Agenda.

#### *High Modernism*

Brazilian Modernism's most visible example is the planned capital of Brasilia. Holston (1989) has noted the problems of competing developmentalist and social reform goals of modernism and the extremely hierarchical Brazilian society in its construction. Like Nova Luz, Brasilia attempted to create mixed-income/class residential buildings; however, in Brasilia this was unsuccessful in that it did not fit the norms for residential development nor Brazil's highly socially segregated society (Xavier and Katinsky, 2012; Holston, 1989). In contemporary São Paulo and Brazil, socio-spatial segregation continues to be a problem and the creation of similar residential buildings rarely occurs. Ironically in Brasilia's case, this failure also resulted in the growth of satellite cities around the new capital, making Brasilia take the spatial form of other Brazilian cities, with upper classes living in the central parts, surrounded by a large, poor periphery (Xavier and Katinsky, 2012).

It was at this time that urban planning in Brazil became fully institutionalized with the creation of the Sistema Financeiro Habitacional (SFH-Housing Finance System) in 1964. The

federal government created this program under the assumption that planning and managing the growth of cities could be achieved through “the construction of public housing units and financing the purchase of the personal home, especially by the lower classes” (Cuse Nobre, no date). This was aided by the creation of the Banco Nacional de Habitação (BNH- National Housing Bank)—which provided low income housing financing—and Serviço Federal de Habitação e Urbanismo (SERFHAU- Federal Housing and Urbanism Service)—which provided technical assistance to municipalities for creating urban and housing plans. These institutions all provided for early forms of contracts and concessions for public housing and infrastructure development, as well as increased roles for private developers in those projects. Nonetheless, they were limited in scale and scope when compared to the Nova Luz project.

In practice, however, these programs primarily assisted the wealthier classes to purchase homes and actually deepened inequalities because of their use of social security-style contributions for financing. Maricato (1982) has suggested that general trends in urbanization and inequality during the 60s and 70s were products of the transfer of the economic base from rural to urban. Nonetheless, the urban was still conceptualized “rurally,” without proper land use controls, the monetization of land and land markets, and self-built housing and expansion in urban peripheries (favelas) (Maricato, 1982). This also coincided with the emergence of real estate capital itself, which was (and is) highly instable and favors specific groups (Ribeiro, 1993).

Additionally, during this period, the federal government had institutionalized the governance of metropolitan regions (Souza, 2005). However, following the military dictatorship’s collapse, those institutions became associated with authoritarianism and centralization, “leaving metropolitan governance in a political, institutional, financial and

administrative vacuum” (Souza, C., 2005, 341). The decentralization process that occurred in the 1980s coincided with economic structural adjustment and the rebirth of civilian government. What emerged, however, was not new forms of governance but rather a crisis of urban governance through the fragmentation of interests following changes in forms of state intervention (Melo, 1995). This was due to the demise of the federal housing bank (BNH) and an absence of federal policies. The lack of federal policies, in turn, occurred because of the political bargaining between varied preferences of presidents, legislators and subnational politicians, where centralized political parties influence a national government’s ability to control resources and allocations (Willis et al, 1999).

#### *Urban Reform and the Entrenchment of Spatial Segregation*

After that initial instability, the “urban reform agenda” (found in the Estatuto da Cidade, City Statute passed in 2001) slowly restructured urban policy and governance. Along with the end of the military dictatorship, Pereira (2008) notes that the Urban Reform Agenda’s calls for the “social function of land” have articulated the demise of highly technocratic forms of urban planning in Brazil. Yet, even today, this claim varies greatly from project to project and city to city as technocratic planning remains the norm. During that period, a number of city governments attempted to redevelop their urban cores or downtowns, including Rio de Janeiro, Salvador and São Paulo through international funding for historic preservation. This rebuilding of old buildings under the sign of cultural heritage and creation of museums relied on the idea of “culture-led redevelopment” to reimagine historic centers (see, for example: Dunder, 2010; Degen, 2003; Knox, 2009; Rodriguez and Martinez, 2003). These efforts varied in success: those that seemed to be most successful had significant amounts of community cooperation and

were able to overcome characteristic partisan issues and the politics of changes in ruling party (Vargas and de Castilho, 2009). Yet, these projects illustrate a major problem in Brazilian urban planning: while the initial phase may have been successful, they often resulted in nothing more than a pilot project without the completion of later stages. Often this occurs because of administrative changes whereby a newly elected mayor starts urban agendas anew and without the continuity of previous projects.

Despite the reemergence of urban planning and incorporation of new forms of participation, this new model has not resulted in a complete shift in urban governance. State powers for development are more restricted due to financial constraints and public participation is highly uneven. Strategic planning and governance models imported from advanced capitalist societies and entrepreneurial city modes can disguise transnational interests, real estate power, and neoliberalism (Arantes et al, 2000). New approaches have replaced functionalist, modernist planning (technocratic, top-down planning whereby the purposes of the city drive planning), but have not overcome structures of consolidated leadership in the hands of a few influential individuals and widespread real estate speculation. Nor have they created democratic participation beyond issue-based responses (Maricato, 2001). Sette (2007) has also identified how the power of real estate interests and the desire to become a global city influenced new urban development forms in São Paulo. Especially at that time, business groups, promotional materials, and conferences—along with high profile visits—promoted São Paulo’s economic and cultural significance. However, he notes, there was a lack of international firms involved in construction, development, and the occupation of new buildings—which actually remained vacant for some time after completion.

Numerous social changes have occurred as a result of corresponding transformations in urban form and governance. Caldeira (2000) observes that the growth of violence and need for security are creating new spatial forms of segregation in São Paulo. Taking the appearance of gated communities, securitized private spaces, and a compromised public sphere, new closed off developments cause public spaces to be abandoned by those not “forced” to use them. She also notes that this fear of violence and desire for security are the leading articulators of individuals’ engagement with their city (Caldeira, 2008). Yet, at the same time, the reduced role of the state, becoming a “mediator of change rather than promoter” and “managing private interests instead of intervening directly” has enlarged the role for civil society (Caldeira, 2008, 52). Likewise, corporations and real estate interests have been able to engage with this new urban governance and weaken the potential for urban improvement (Caldeira and Holston, 2008). It is this juxtaposition of civil society (potential) power and strong role of private interests that occurred in Nova Luz, as a result of different urban planning instruments coming together and a retreating state planning apparatus.

Additionally, longstanding structural issues of social class dating back to colonialism and continuing even to re-democratization in the 1980s have limited citizenship and land rights—which have been connected during many historical periods (Holston, 2008). Today, this gives rise to “a culture of fear and suspicion that produces abandonment, lawlessness, enclosure, fortification and privatization” along with the “delegitimization of the rule of law, institutions and practices of law and justice” (Caldeira and Holston, 1999, 693-695). Yet, some traditionally excluded groups, like the urban poor, which have relied on self-built housing have been able to overcome this and find their own forms of citizenship by achieving land rights in informal settlements through protest and political empowerment (Holston, 2008). Nonetheless, Marques



(2012) detects that social networks can mediate segregation, but they still influence one's ability to escape social precariousness and obtain employment and do not overcome all of the continuing problems in Brazil's cities.

### *Beyond the Urban Reform Agenda*

Despite increased recognition of the right to ownership for informal urban squatters and direct participation of citizens in urban policy decision processes—the “Urban Reform Agenda” has become complicated by longstanding systems of political brokerage, where “clientelism and corporatism, and an elitist technocracy and ambiguity which are also present and vigorous” (Rolnik, 2011, 252). Brazil may be at end of the “Urban Reform” cycle, with violence and inequality still major issues requiring attention (Maricato, 2011). Although changes in national policy to focus on redistribution of income have created creating new possibilities, they do not address calls for the right to the city and democratization found in under this paradigm. A continuation of exclusionary land regulations and costs and the neoliberal agenda exacerbate these problems (Maricato, 2011). The new federal housing program, “Minha Casa, Minha Vida” (my house, my life) for lower socio-economic status families also faces issues of favoring real estate development interests and overlooking spatial considerations of equality (Sette, 2012). In reality, houses are often constructed on the urban fringe and are still financially out of reach from many low-income families.

### **Urban Planning in São Paulo**

Many Brazilian cities had early sectorial plans for specific parts of urban development in the early 20th century, like São Paulo's Plano de Avenidas de Prestes Maia (Avenues Plan).

At the municipal level, the creation of Planos Diretores de Desenvolvimento Integrado (PDDI-Integrated Development Master Plans) and Leis de Uso e Ocupação do Solo (Use and Occupation of Land Laws, or zoning) only began to occur in the 1960s, however. In São Paulo, zoning was first created in 1972 with the creation of the PDDI and Plano Urbanístico Básico (PUB-Basic Urban Plan). These plans provided very basic controls for land uses and building heights. In the 1980s, however, the implementation limitations of these plans became apparent, exacerbated by the national economic crisis (Cusce Nobre, no date). Table 4 provides a summary of the Mayors of São Paulo since 1983.

**Table 4: Recent Mayors of São Paulo (design by Joshua Shake)**

Mayor	Term		Party
Mário Covas	May 11, 1983	Dec 31, 1985	Partido do Movimento Democrático Brasileiro (PMDB)
Jânio Quadros	Jan 1, 1986	Dec 31, 1988	Partido Trabalhista Brasileiro (PTB)
Luiza Erundina	Jan 1, 1989	Dec 31, 1992	Partido dos Trabalhadores (PT)
Paulo Maluf	Jan 1, 1993	Dec 31, 1996	Partido Democrático Social (PDS)
Celso Pitta (briefly removed from office in 2000)	Jan 1, 1997	Dec 31, 2000	Partido Progressista Brasileiro (PPB)
Marta Suplicy	Jan 1, 2001	Dec 31, 2004	Partido dos Trabalhadores (PT)
José Serra	Jan 1, 2005	Mar 31, 2006	Partido da Social Democracia Brasileira (PSDB)
Gilberto Kassab (succeeded Serra following resignation in 2006; re-elected in 2008)	Mar 31, 2006	Dec 31, 2012	Partido da Frente Liberal (PFL); Democratas (DEM); Partido Social Democrático (PSD)
Fernando Haddad	Jan 1, 2013	present	Partido dos Trabalhadores (PT)

As a result, the new Master Plan, drafted during the Mario Covas administration (1983-1985) proposed the first use of public-private partnerships with the intent of minimizing public expenditures (Cusce Nobre, no date). They took the form of a new planning instrument, the Operação Urbana (Urban Operation) which sought to stimulate the production of public housing, infrastructure, and public facilities in a number of central (Campo de Marte, Centro, Santo Amaro, Pinheiros, and Barra Funda) and periphery (São Miguel, São Matheus, Vila Matilde, Vila Maria, Vila Nova Cachoeirinha, Paraisópolis and Campo Limpo) neighborhoods (Cuse Nobre, no date). The next mayor, Janio Quadros (1986-1988) abandoned those plans, and shifted emphasis to a new instrument—the Operação Interligada (Interconnected Operation). These allowed the private sector to donate a certain number of public housing units to the city in exchange for increases in the permitted land use and building size. Both of these instruments were included in the Master Plan created in 1988. From 1988 to 1996, the Operações Interligadas resulted in 115 proposals, US\$ 58,282,450 in exchanges, and 466,000 square meters in additional construction, with most of the proposals occurring in higher income areas (Wilderode, 1997). In 1988, this mechanism was suspended and later declared unconstitutional for being in violation of the zoning law.

The following administration, Luiza Erundina (1989-1992), reversed the stance on Operações Urbanas, creating the Operação Urbana Vale do Anhangabaú (Anhangabaú Valley Urban Operation) for part of the old downtown region in 1991. Along with this, the city government explored the use of *otogora onerosa do direito de construir* (a fee paid in exchange for building above the maximum floor-to-area ratio for a specific lot). The law provided for up to 150,000 square meters of additional construction through *otogora onerosa*, however after three years only seven proposals (using 13% of the potential) reached the city government (Cusce

Nobre, no date). The Erundina administration introduced other new instruments in its Master Plan: it set the maximum floor-to-area ratio for the entire city at one, with areas for densification and areas for non-densification. In the densification areas, real estate developers could use the *outorga onerosa* to build above the floor-to-area ratio of one. The funds received from this would be applied to a *Fundo de Urbanização* (Urbanization Fund) for the creation and rehabilitation of public housing in the newly-created *Zonas Especiais de Interesse Social* (ZEIS-Social Interest Special Zoning).

Continuing the trend of reversing the previous administrations plans, the Paulo Maluf (1993-1996) administration shelved that of Eurndina. This administration and the one to follow (Celso Pitta, 1997-2000) emphasized the *Operação Urbana Faria Lima* (Faria Lima Urban Operation), created in 1995. This project, in a wealthier region of the city, focused on the construction of a number of highway and road construction projects in the area (Cusce Nobre, no date). Instead of using one of the other development instruments, this administration created the *Certificados de Potencial Adicional Construtivo* (CEPACs-Potential Additional Construction Certificates). The private sector did take great interest in this project, however through 2000 the city government had received R\$116,000,000 in profits, compared to R\$150,000,000 in project expenditures (Cusce Nobre, no date). Cusce Nobre further notes that the city government did not consider the social impacts of this instrument like the displacement of existing residents and did not invest sufficiently in the creation of public housing in the area. *Operações Urbanas* tend to be more successful in areas with a greater real estate market interest; the *Operação Urbana Centro* has resulted in very few proposals while the *Faria Lima* resulted in 102 in just the first five years (Cusce Nobre, no date).

In 2001, the Estatuto da Cidade (City Statute) was passed, creating a unified set of federal urban planning enabling legislation. Many of the above-mentioned urban planning instruments became incorporated and legitimized by it (Cusce Nobre, no date). The Master Plan developed in 2002, under the administration of Marta Suplicy (2001-2004) incorporated the Urban Operations and ZEIS management councils, along with minimum, basic, and maximum floor-to-area ratios, and definitions of outorga onerosa calculations. Additionally, this plan stipulates that the municipal government should use its powers of land parceling, compulsory construction, time progressive taxes for non-use of buildings or property, and eminent domain to ensure the social function of property (Cusce Nobre, no date). Finally, this plan introduces the Concessão Urbanística (Urban Concession) which would be utilized in the following administration.

### **Collapse of Dictatorship and Rise of Democratic Governance**

The present phase of Brazilian social movements finds its roots even in the most oppressive days of the military dictatorship in the early 1970s. During that time, workers and residents and their civil society groups were regrouping for the next phase of opening up new spaces, “rejecting traditional practices of clientism and submission to the state” (Kowarick and Bonduki, 1994, 140). During the years of resistance, in the period up to 1979, both the state and factory leaders prevented any activities within the factories and effectively paralyzed the unions. It was under this repression that the periphery “as the principle location of workers’ dwellings” became the locus for social action (Kowarick and Bonduki, 1994, 141). Movements began to form in demand for better living conditions amidst the lack of basic services. However, that political groups, parties, and social scientists often undervalued such movements, in that they

were only accessories to the workplace movements and “acquired their existence only insofar as they served to stimulate the workers’ movement” (Kowarick, 1994, 33).

Rather, these movements had very specific demands for water and sewerage, public transportation, and public daycares, along with more general grievances with the economic inequalities and perceived absence of their needs in state policy (Kowarick and Bonduki, 1994). This process, and both the large and small mobilizations around São Paulo, also brought these movements into the political opposition against the military regime. In doing so, these movements created new forms of participation based in “collective action and participation, grass-roots democracy, and autonomy,” along with laying the groundwork for the 1980s movements (Telles, 1994, 177; Kowarick and Bonduki, 1994; Holston, 2008).

In 1980s, a number of external factors helped to strengthen the role of social movements in constructing the new democracy. The military government was slowly starting the process of abertura (opening), which restored civil rights, lifted censorship, allowed for the regrouping of political parties, as well as provide for amnesty for political prisoners, exiles, and banned politicians and free elections for state governors (Kowarick and Bonduki, 1994). Social movements changed their mode of operation after successfully obtaining their early demands in the 1970s and 1980s and external pressure on the state was the main mechanism for producing policy, whereby “politics produce policy” (Marques, 2003, 121) Within the groups, mediation processes transformed individual problems into collective needs. These processes were placed into the wider context of political change of the period, whereby the movements did not just cause change in the actions of the state, but also in the political arena (Marques, 2003, 121). In this model he suggests, “politics produce policy, but influence the creation of a new politics.”

In São Paulo, this culminated in the Erundina administration from 1989-1992: “during no other moment of the city’s history were social movements so able to suggest and implement policy. Despite deep conflicts between social movements and the decision-making apparatus of municipal administration, there seemed to be an unprecedented attempt to recognize the differences of dealing with the everyday problems of city life (Kowarick and Bonduki, 1994, 146).

Nationally, the expansion of participatory processes was cemented with the institutionalization of mechanisms and instruments of democratic governance and the public policy councils of the 1988 constitution. Social movements were instrumental in shaping these bodies and policies. For cities, the Estatuto da Cidade (City Statute) passed in 2001 regulated new forms of public participation across a number of specific bodies. One of the most significant is with the Plano Diretor (Master Plan). Attempting to separate it from the political cycles discussed in the previous section, following the City Statute, this document must include public and community association participation in the formulation, execution, and accompaniment of plans, programs, and urban development projects (Caldeira and Holston, 2014). The Master Plans must also provide specific mechanisms for public participation in the employment of the various urban development instruments. In São Paulo, the Master Plan of 2002 made obligatory public audiences for public or private developments and projects being implemented that may cause negative environmental, neighbor, or other impacts. These documents also promote and make mandatory the use of other participatory bodies. However, Avritzer (2009) noted that despite the introduction of participatory institutions in the vein of the City Statute during the Suplicy administration, these were limited by well-organized

conservative and centrist opposition groups in São Paulo, which often nullified proposals or forced negotiations in certain sectors (Arvitzter, 2009, 78, 150).

On the other hand, Telles (1994) points out that, despite early optimism, the processes which began in the 1970s also resulted in the “fossilization” of certain characteristics in recent movements, whereby certain elements have become “empty rhetoric and a ritualized set of procedures that have little to do with meaningful political action” (Telles, 1994, 174-177). However, issues of “narrow horizons of practices that consisted of routine pressure on government to meet specific demands, fragmentation of interests and the prevalence of a corporatist idea of rights, isolation inside a type of communitarianism which provides no immunity to the populist manipulations of the state and clientism, and affirmation of the importance of grass-roots control to the exclusion of all forms of political representation and any instrumental approach to institutions” (Telles, 174-175). Nonetheless, if this is indeed true, there is also a need to move away from the isolated, frozen understandings of periods of the movements and instead understand them as historical processes. Marques (2003) further notes that, despite the increasing complexity of understanding the relationships between social movements and the state, politics and the state remain overlooked. Politics should be “understood as a field where real struggles, strategies and conflicts unfold” and the state “treated in its complexity of heterogeneous sets of institutions embedded in histories, structures, identities, and self-interests” (Marques, 2003, 122). Therefore, he suggests that there is a “need to integrate, in analytically coherent ways, the structure with the action, based on the features that constitute the State and Brazilian society” and that this is best understood at the urban level (Marques, 2003, 122).



## **Neoliberalism takes Hold: Economic and State Restructuring**

During the waning years of the dictatorship in the 1980s, Brazil faced severe economic problems. The decade was thus termed the “lost decade” with three unsuccessful attempts at combating inflation: The Plano Cruzado in 1986, the Plano Bresser in 1987, and the Plano Collor in 1990. Following the dictatorship, Brazil also confronted severe economic problems. An economic and state restructuring marked the decade of the 1990s in Brazil. Amann and Baer (2002) note that this increasingly conformed to the Washington Consensus. When President Fernando Collor de Mello took power, he rapidly reduced import tariffs by approximately 50% between 1990 and 1994 (ibid). In his first year in power alone, most non-tariff barriers were abolished, subjecting firms to competition and increasing the import of goods to GDP ratio from 4.4% to 8.9% by 1999 (ibid). It was during his administration that the process of privatization began. The Brazilian Privatization Program (PND) was introduced in Law No. 8.031 in 1990. This began with the privatization through sale of all productive state companies in the strategic sectors of steel, fertilizers, and petrochemicals (BNDES, no date). Between 1990 and 1994, the government privatized 33 companies, of which 18 were state-controlled and in 15 the state was the minority shareholder (ibid). The government obtained US\$8.6 billion through these sales and transferred another US\$3.3 billion in debt to the private sector.

Upon taking office in 1995, President Fernando Henrique Cardoso expanded the privatization programs to public services, like utilities and finances. His administration also engaged in concessions in transportation, highway, sanitation, ports and telecommunications infrastructures, with the secondary goal of “improving the quality of the services offered to the Brazilian society, through investments to be made by the new controllers of the privatized companies” (BNDES, no date). With these restructurings, the state no longer was the direct

provider of services but took on new roles in coordinating and regulating the sectors at the federal level. Additionally, this process resulted in the progressive decentralization of infrastructure and service provision from the federal level to states and municipalities.

One of the most important programs introduced by Cardoso was the Plano Real (Real Plan) in 1994. This currency restructuring involved tight money policy and temporary exchange rate pegging but was able to control the extremely high inflation that had plagued the country (in 1994 it was 2,406%, but has not exceeded single digits since 1997). In the process, the fiscal deficit and long-term price stability became problems and were addressed through cutting government expenditures, tax restructuring, and reworking the social security system (Amann and Baer, 2002). Other internal restructurings (rationalization and outsourcing) sought to redirect the public administration's attention to areas in which it had clear competencies and further reduce public expenditures.

Also under Cardoso, investment liberalization programs also continued: a constitutional amendment removed all legal distinctions between domestic and foreign firms and foreign capital was permitted to enter previously excluded sectors, such as oil exploration and public utilities. Amann and Baer (2002) note a number of economic results of this process. The budget reached a surplus in 1999 and the economy became more internationally integrated; however, these outcomes came at the expense of substantial dismissals of workers during the privatization process and investments in technology as economic sectors faced new international competition.

Additionally, during this period a number of governance and state reforms occurred. For Bresser Pereira (1997), the Minister of the *Ministerio da Administração Federal e Reforma do Estado* (MARE-Federal Administration and State Reform Ministry) during Cardoso's first administration, these processes of state reform had four outcomes: reducing the size of the state,

deregulation and increased use of market control functions, increased government capacity to implement decisions, and increased power of political institutions (Bresser Pereira, 1997).

At the same time that decentralization and economic restructuring programs were occurring at the national level, a number of policies were passed that impacted municipalities, as well. With the new Constitution of 1988 and the passing of the Law of Fiscal Responsibility in 2000, public service administrative responsibility became decentralized to the local level. The *Ministerio das Cidades* (Cities Ministry) notes that “especially within the field of urban policies, the involvement of towns, particularly large cities, increased both in relation to the financial aspects and the management of these [decentralization] policies. However, the real situation of Brazilian towns shows that most of them... do not have the necessary resources and management capability to address these issues” (*Ministerio das Cidades*, 2004, 58-59). Carolini (2008) notes that in this new structuring, neither state nor federal investments significantly reach the city of São Paulo because poverty-reducing programs prioritize small municipalities and those with lower HDIs (from Fix et al, 2003). Additionally, the city’s struggle to identify as an engine of growth on a global scale often translates into the prioritization of creating a positive image of the city’s fiscal health in order to service elite and private sector demands to attract foreign direct investment (Schiffer, 2002). Between the years 1999 and 2002, São Paulo’s municipal spending on housing and urbanism projects fell by almost 20%, while spending on improving the city’s fiscal health by paying down public debt saw an increase of almost 120% (Pochmann, 2005).

These effects occurred as a result of the 1999 Brazilian currency crisis and resultant Fiscal Stabilization Program, combined with the introduction of the Law of Fiscal Responsibility (Carolini, 2013). In 1999, Brazil experienced a currency devaluation and renegotiated debts with the IMF. In doing so, the Federal government legally instituted a consolidated primary budget

surplus target which was first set to 3.1% of GDP (Carolini 2008). A second part of these policies was the Fiscal Stabilization Program which was directed at subnational governments. This program restructured state and municipal debt at fixed interest rates so that the federal government could exchange that debt and issue its own market rates, subsidizing local governments (ibid). This resulted in a complete restructuring of municipal spending and shifting away from large-scale capital projects to an increased reliance on private sector cooperation to complete development programs. Local and state governments which decided to participate in the program were then required to offer their own revenue and rights to intergovernmental transfers as debt guarantees, signing agreements with the federal government forbidding any new indebtedness until their current debts were paid off, providing for the mandatory annual reduction of extant debt until the end of 2016 (Carolini, 2008; Afonso 2004; Afonso and Araujo 2004; de Mello 2005).

As a result, in 2000, the federal government drafted the Law of Fiscal Responsibility, Complementary Law No. 101. This law created a hybrid set of fiscal reforms, “including procedural rules which are typical in high income countries and emphasize accountability, and stringent numerical rules which are spending related targets more common in lower and middle income countries” (Carolini, 2013, 356-357; Corbacho and Schwartz, 2007). Additionally, the law established a strict framework for transparency and accountability in the planning, execution, and reporting of government budgets.<sup>2</sup>

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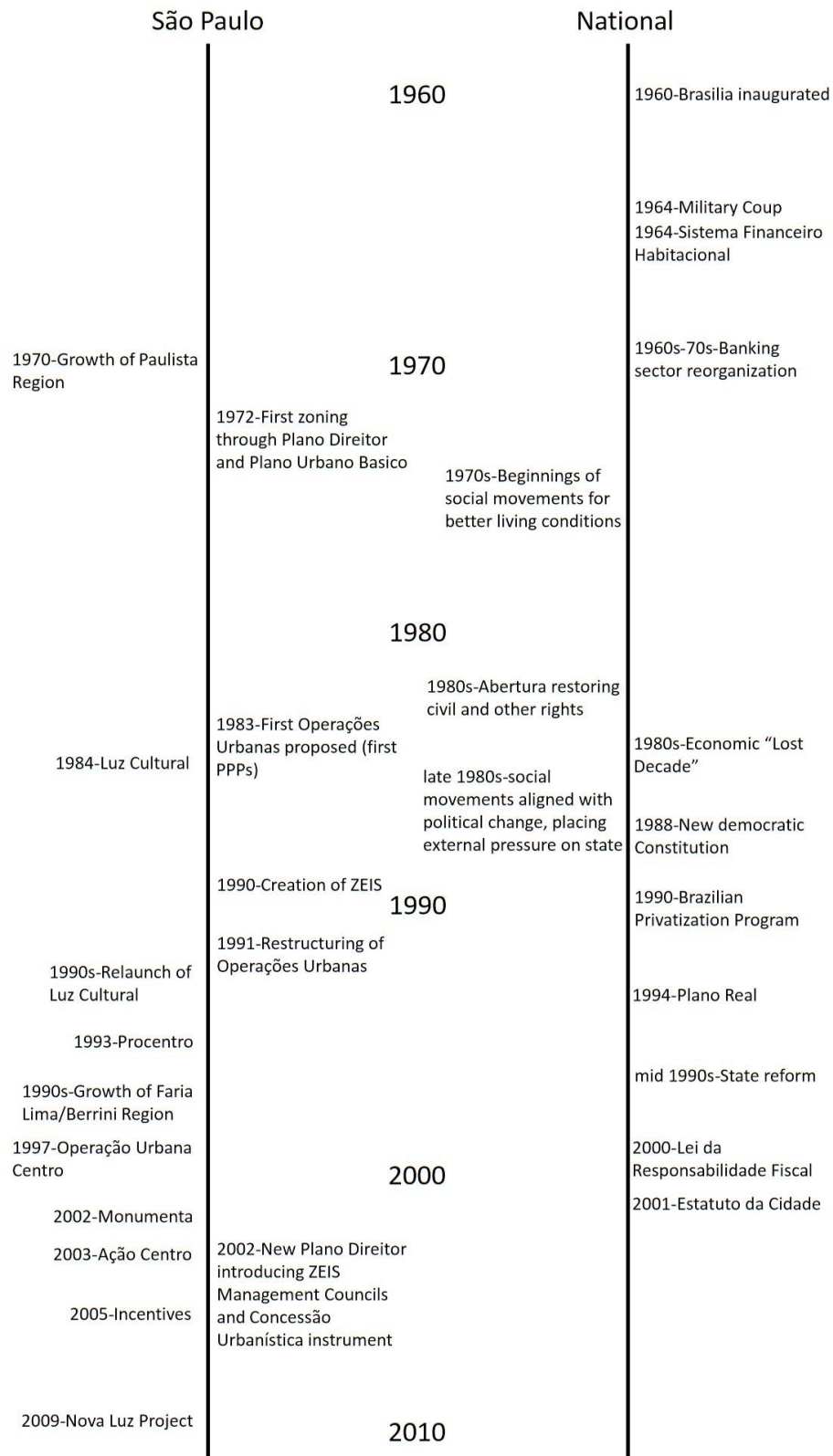
<sup>2</sup> Specifically, for municipalities this law requires:

First, the law sets a debt ceiling for governments – for municipalities in particular at 120 percent of their net current revenue. Secondly, personnel spending - including pension payments and sub-contracts - cannot exceed 60% of municipal net current revenue. Another measure requires that any spending mandate have a correspondence in permanent revenues, so as to avoid the rolling over of expenditures to future administrations. The LFR also bans new spending commitments that cannot be executed before the incumbent administration's term ends and mandates the recording of any unspent commitments in the two quarters before an administration's term is ended - unless sufficient cash balances are available to cover the commitments at the end of the fiscal year (Lei Complementar n. 101 2000). The law further requires that government attain a consolidated primary budget surplus, which is

In São Paulo, the law restructured the city's subnational debt, restricted debt financing to noncapital projects, and created a debt ceiling of 120% of net current revenue (Carolini, 2013). However, the impact of these programs was exacerbated by a number of financial scandals involving São Paulo's mayors during the 1990s. Under Mayors Maluf and Pitta, the city debt ballooned to over R\$ 7 billion, or US \$4 billion, with about R\$ in debt at the beginning of Mayor Suplicy's term. This sum equaled about two times the municipal budget, and about half of the debt came from bonds needed to service debts resulting from lawsuits. Both mayors were indicted on charges resulting from an illegal bond issues scheme, on charges of providing false documentation and the misuse of funds. Only a fraction of the money went to the stated purposes, while the rest (mostly in 1994 and 1995) went to public works projects during the Maluf administration and were said to fund the major highway and tunnel expansion projects. The city government was able to renegotiate some of the debts under the above programs, but resulted in the highly restricted system of today. During the following (Suplicy) administration from 2001-2004, Carolini (2013) noted that São Paulo's housing and urban development spending remained somewhat stable, but was shifting away from municipal-agency-led capital investments during the time of increased public participation at the local level and decentralized responsibility and transparency from the federal level. In Figure 6, a timeline is presented, summarizing the principal events at the national, state, and local levels, as well as the precedent redevelopment projects discussed in the next section.

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determined each year and has recently centered more or less around 4.25% of GDP. Finally, in its effort to institutionalize transparency in government, the LFR calls for the preparation of the following interlinked budget framework documents at every level of government: a) Plano Pluri-Anual (PPA)/Multi-year Plan: a four-year budget plan to allocate projected budgetary resources over the following years for different programs and activities. b) Lei de Diretrizes Orcamentarias (LDO)/Annual Budget Guidelines Law: a three-year budget guideline law that sets targets for the main budget aggregates (e.g., expenditure, revenue) listed in a Fiscal Targets Annex; c) Lei Orcamentaria Anual (LOA)/Annual Budget Law: an annual budget law that allocates budget resources to the programs and activities outlined in the PPA and consistent with the fiscal targets set by the LDO. (Carolini, 2008, 99-100)



**Figure 6: Timeline of Selected Events in São Paulo and Brazil (design by Joshua Shake)**

## **Precedent Redevelopment Projects**

Leite (2009) notes that São Paulo until recently ignored large-scale redevelopment projects in its downtown areas, unlike other cities around the world. He argues that in doing so, “urban improvements can now address contemporary reality more coherently and avoid the errors of earlier efforts elsewhere,” along with the growing realization that “the impossibility of completing a comprehensive urban redesign in a metropolis of such a scale as São Paulo now seems clear: its territory is immeasurable” (Leite, 2009, 248-249). Now, the greatest opportunity is “to use urban design to stitch together new territorial logics and to link disconnected public spaces and facilities...making urban connections possible and linking fragmented metropolitan territories by redeveloping empty spaces that articulate the territory and by carrying out urban restoration” (Leite, 2009, 248-249). This method, of using urban design and connecting existing urban features, was the dominant mode of urban redevelopment in downtown until the Nova Luz project proposal. And although it did result in punctual improvements, the desired connections between the disparate elements has not occurred.

Between 1975 and 1979 municipal plans for the old downtown emphasized historic preservation and the circulation of vehicles, but did result in the government purchase of the first skyscraper in Latin America—Edifício Martinelli—which would become the home of many municipal secretariats in the following decades. Also during this time, the city created a system of sidewalks through the conversion of 11 kilometers of streets to pedestrian-only or limited access walkways, summing about one third of the street system in the region. During the 1970s, there were a number of projects proposed for the central region, in attempts at reversing the urban expansion that was exploding during the decade; however, only two major projects were implemented (Cusce Nobre, 2009). Along with the rehabilitation of the Municipal Theatre,

numerous architecture and urban design competitions were held and one was actually completed. The Vale do Anhangabau project built a pedestrian space/park cap over the Avenida Prestes Maia (the principal north-south artery in downtown). This project won awards in 1981 and 1988 and attempted to unite the two parts of downtown through the 15-acre space dedicated to pedestrian uses, public events, and leisure; however, the project was criticized for not incorporating historic and geographic dimensions of the space (Leite, 2009). Following this, there were a few other punctual projects, like the Projeto Corredor Sé—Arouche, which attempted to connect cultural facilities, activities, and references in parts of the center. In the 1990s, the state government also engaged in a few punctual projects along the lines of cultural facility creation, including the Sala São Paulo (the home of the orchestra) in the old Estação Julio Prestes; remodeling of the Pinacoteca do Estado (state art museum); and the creation of the Museu da Língua Portuguesa (Portuguese Language Museum) in an unused portion of the Luz train station, all of these failed attempts at using cultural anchors to incentivize private sector investment and development through the culture-led model.

### **Neoliberal Redevelopment: Operação Urbana Centro and Procentro**

During the Erundina administration (1989-1992), the Vale do Anhangabau project was completed. Additionally, it was her administration that first used an Operação Urbana in the downtown region. This instrument had been created in the 1988 Master Plan, but never put into practice in the city. The Operação Urbana Anhangabau attempted to improve the urban and environmental landscapes in the downtown area through better use of underutilized and empty buildings and incentives for preserving historical and residential buildings in the area. Operações Urbanas provide exemptions to zoning and building restrictions through the payment



of fees (outorga onerosa), along with promoting the preservation of historic buildings through the transfer of development rights and other provisions for public space provision. In this project area, 150,000 square meters of potential construction were available through the outorga onerosa program, but when the project expired in 1994, only seven proposals were presented, accounting for just 13% of that potential (Cusce Nobre, 2009). These incentives were not enough to stimulate the desired private sector interest in redeveloping the area.

In the early 1990s, the Associação Viva o Centro (Center Lives Association) was formed with the support of BankBoston and other financial sector businesses headquartered in the downtown region (although BankBoston later moved to the Berrini region discussed in other places of this dissertation). This group held workshops, events, and contracted studies and projects with Regina Meyer to generate debate about redeveloping the region. They decided to emphasize local actions, punctual projects focused on the specific features and dynamics of each part of the center. In this sense, the emergence of the real estate and business elite group calling for redevelopment efforts mimics similar “neoliberal” or “entrepreneurial” efforts pursued by the same “growth machine” interests in North America during the 1990s (Hackworth, 2008; Harvey, 1989).

During the Maluf (1993-1996) and Pitta (1997-2000) administrations, the urban development attentions shifted from the central region. They emphasized development through the Operação Urbana Faria Lima in the southwest region of the city. Along with this, road improvement and construction projects and the removal of favelas contributed to the valorization of developments and continued interest of the private sector in the region. The efforts of Associação Viva o Centro did lead to two government actions in the 1990s for the downtown, however. The Programa de Requalificação Urbana e Funcional da Area Central (PROCENTRO-

Urban and Functional Requalification Program for the Central Region) was created in 1993 and in some ways unified the six urban plans that had been proposed for the region over a 30-year period. This program was justified through its identification of: functional, environmental and landscape deterioration; difficulty of access, circulation, and parking; obsolescence and insufficiencies of the building stock; and public and personal safety deficiencies in the center. To combat this, it proposed (1) the recuperation of public spaces in the central area, with the recuperation of street and plaza pavements, increases in the tree coverage, street furniture, illumination, and visual communication, along with trash collection and street cleaning. (2) Improvements to vehicular, pedestrian, cargo, and public transportation accessibility in the central region through the flexibility of pedestrian-only streets, improvements to bus terminals, and the creation of underground parking structures. (3) Incentivizing the installation of residential cultural, recreational, and tourist activities in the region, the recuperation of the physical environment through the recuperation of façades and transferring development rights from historic buildings. The decree that created the Comissão Procentro (Procentro Commission) for the implementation of the program, defined its membership. However, the only civil society members were the Associação Viva o Centro business leaders.

The main outcome from this program's activities came in 1997 with the creation of the Operação Urbana Centro and the Lei das Fachadas (Façades Law). Among other fiscal incentives and flexible zoning, the Operação Urbana changed the Coeficiente de Aproveitamento (building floor-to-area ratio) from a maximum of 4.0 in the rest of the city to 6.0 for residential, hotel, mixed, and garage uses and 12.0 for greater mixed-use developments. The Lei das Fachadas provided 10-year exemptions in municipal property taxes (IPTU) for historic preservation buildings that repaired their façades.

Despite these incentives, the new legislation programs were not enough to attract new private sector development interest and revitalize the area. According to planning documents, during seven years of the Operação Urbana (1992 to 2003) only 101 proposals were received. Of these, 34 were for bringing buildings into zoning compliance, 34 for transferring development rights/potential, and 33 for purchasing additional development rights. Yet, only 18 of these latter requests were approved (see also Cusce Nobre, 2009). There were 56 proposals received under the Lei das Fachadas, but only nine of these were approved (ibid). In comparison, between 1995 and 2000, Operação Urbana Faria Lima received 140 proposals with 85 approved, resulting in R\$ 170 million in revenues for the city (ibid).

Finally, according to interviews with city and community group leaders, it was not until 2000 that an alternative civil society movement for conceptualizing the downtown region was formed.<sup>3</sup> At the Movimentos Populares e Universidade (Popular Movements and the University) event at the University of São Paulo (USP) students, the Central dos Movimentos Populares (CMP-Popular Movements Central), and the União dos Movimentos de Moradia (UMM) formed the Forum Centro Vivo (Center Lives Forum). This group attempted to provide an alternative to the business-led Associação Viva o Centro, fighting for urban reforms and the social function of property, along with questioning the state of abandonment in the downtown and the legitimacy of the public sector's actions. Until this point, the redevelopment planning of the region lacked widespread public participation and was dominated by real estate and cooperate interests.<sup>4</sup>

Figure 7 shows the Nova Luz region and some of the features employed by previous redevelopment attempts, including Parque da Luz and Estação da Luz.

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<sup>3</sup> Interviews with Anna Barros (02/2014) Nova Luz Lead Planner, SP Urbanism; Regina Meyer (08/2012) Project Consultant, author of previous redevelopment projects

<sup>4</sup> Interview with Luiz Kohara (11/2013) Director, Centro Gaspar Garcia de Direitos Humanos



**Figure 7: View of Estação da Luz and Parque da Luz Region (image by Joshua Shake)**

### **The Re-emergence of Culture-led Redevelopment: Monumenta and Ação Centro**

During the following administration (Suplicy, 2001-2004) the center received renewed attention through new policy approaches and a wider and more diverse vision of the region. In 2001 the city government, along with the Procentro movement and the Administração Regional da Sé (Se Regional Administration released a new plan: Plano Reconstruir o Centro (Rebuild the Center Plan) that proposed revitalizing more districts that made up the center (including Bela Vista, Bom Retiro, Bras, Cambuci, Consolação, Liberdade, Pari, Republica, Santa Cecilia, and Sé). This plan emphasized the central region's accessibility, abandonment, and underutilization,

along with functional and social diversity through activities including housing, employment, culture, recreation, education, and representation according to planning documents and interviews with project consultants.<sup>5</sup> It proposed eight basic programs: walk in the center; live in the center; work in the center; discover the center; preserve the center; invest in the center; protect the center; and govern the center. These programs emphasized using urban design to reorganize public spaces while restoring the architectural heritage (Leite, 2009). In the same year, Decreto (Decree) 40.753 expanded Procentro's representation to include representatives from 12 municipal secretariats; four state companies; four legal, architect, and engineer associations; for representatives from business, real estate and commercial interests; four representatives from socially excluded groups like tenement residents and the homeless; the Associação Viva o Centro; Conselho de Defesa do Patrimônio Histórico, Arqueológico, Artístico e Turístico (Historic and Cultural Preservation Board-Condephaat); and the Caixa Econômica Federal (housing finance bank). This new structure also became headquartered in a special department in the Secretaria de Habitação (Housing Secretariat).

### *Monumenta Program*

In 2002, the city of São Paulo was finally able to enter into the Monumenta program, a redevelopment partnership between local and federal governments seeking to follow a culture-led redevelopment model (see, for example: Dundar, 2010; Degen, 2003; Knox, 2009; Rodriguez and Martinez, 2003). Since 1996 it had been trying to do so, but struggled coming to agreement about the amount of the local government's financial participation. This program was managed by the Ministry of Culture with financial support from the Inter-American

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<sup>5</sup> Interviews with Anna Barros (02/2014) Nova Luz Lead Planner, SP Urbanism; Regina Meyer (08/2012) Project Consultant, author of previous redevelopment projects

Development Bank (IDB) and technical assistance from UNESCO. The first national program of its kind, it sought to rehabilitate historic areas in Brazilian cities (over 26 cities participated) (Leite, 2009). In São Paulo, this program (along with the Plano Reconstruir o Centro) emphasized the region around the Luz train station, attempting to restore buildings, improve pedestrian infrastructure, and reduce visual pollution with a loan of US\$150 million. To incentivize private sector participation in the restoration of buildings, the project proposed project financing for restoring artistic, historic, and scenic buildings, along with façade reforms with interest-free loans and other programs through the Lei de Incentivos Seletivos (Selective Incentives Law).

Yet, program coordinators quickly realized that the projects proposed surpassed the amount of funding available and other administrative difficulties, and bureaucratic issues, reduced the project's potential, according to planning documents and interviews<sup>6</sup> (see also Leite, 2009; Kara Jose, 2007). Kara Jose (2007) observed that the program did not have the instruments necessary for completing an urban plan of its scale and was thus limited to punctual interventions on historic buildings along with the sidewalks, illumination, and signage adjacent to them. Additionally, there were many inter-sectorial coordination difficulties, since the projects involved multiple municipal secretariats and other government bodies; however, some collaboration with the state government was achieved since it is a large property holder in the region (Kara Jose, 2007; Leite, 2009). After four years, only one project had been completed (the Chaminé); only R\$30,000 of the R\$19.5 million of the total project budget had been spent by 2004. By 2005, only one property owner had sought the zero interest loan program for self-improvement of properties (Kara Jose, 2007).

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<sup>6</sup> Interviews with Anna Barros (02/2014) Nova Luz Lead Planner, SP Urbanism; Regina Meyer (08/2012) Project Consultant, author of previous redevelopment projects

Kara Jose (2007) also observed that the program did not have a clear public participation program, despite calling for increasing the public's recognition of historic heritage; there were no major benefits to the local population or public accountability. Additionally, the public programs, like promotion of economic activities, educational programs, and training of local tour guides, were not realized. Only two participatory workshops were held, and only a few civil society representatives attended (Kara Jose, 2007).

### *Ação Centro*

In 2003, the city government activities in the downtown region shifted to the jurisdiction of the Empresa Municipal de Urbanização (EMURB-Municipal Urbanization Company, city company responsible for large city projects).<sup>7</sup> Now extinct, this company launched the PROCENTRO-Ação Centro (Center Action) Program, which originated with the old PROCENTRO programs but was substantially changed in order to receive the IDB funding. This project sought to reverse the real estate devaluing and recuperate housing functions; transform social and economic profiles; recuperate the urban environment; improve transportation and circulation; and, strengthen the municipal institutions. To accomplish these goals, the Operação Urbana Centro was reworked and a ZEIS 3 (public housing zoning) was implanted in the region through the 2002 Master Plan. Additionally, the Programa Morar no Centro (Live in the Center Program) attempted to incentivize social housing in the area. The new Master Plan also considered buildings at least 80% unoccupied for at least five years available for interventions.

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<sup>7</sup> This company was created in 1971, during the height of state power, as a municipal public company, which planned and constructed redevelopment efforts in the city. In 2009, it ceased to exist and its functions were spread throughout other city departments.

To accomplish the other goals, the program also attempted business development programs, registering informal commercial activities, and social outreach programs. In improving transportation, the program proposed restructuring the pedestrian-only sidewalks, removing bus terminals from the center, construction of underground parking, and a citywide system of bus lanes. It was also this program that resulted in the creation of the subprefecture system in the city and the re-ordering of municipal secretariats which would majority-house in the downtown region.

The first project completed under this program was the Corredor Cultural in 2004 (began in 2002 as part of the Plano Reconstruir o Centro) according to city planners.<sup>8</sup> It focused on the reform of and areas around Praça da Patriarca and Dom Jose Gaspar and illumination in Praça da Sé. It also organized the restoration of the Biblioteca Municipal, Teatro Municipal, Praça da Patriarca, MASP-Centro, Centro Cultural Banco do Brasil, Shopping Light, along with attempting to better connect them through the improvements in plazas and pedestrian only streets. Funding for this project came from public advertising in plazas and clocks and resources obtained through the Operação Urbana Centro (Pinto and Galvanese, 2009). Other projects completed during that phase include: reforms of the Mercado Municipal and Galeria Olindo; two housing projects (Baronesa de Porto Carrero and Riskalah Jorge) and the relocation of a favela (Favela do Gato) to another; Projeto Oficina Boracelia for waste pickers; prohibition of the sale of illegal products on the streets; street improvements in the 25 de Março commercial area; and the removal of the Praça do Patriarca bus terminal and Avenida Nove de Julho and Consolação bus lanes (Cusce Nobre, 2009).

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<sup>8</sup> Interviews with Anna Barros (02/2014) Nova Luz Lead Planner, SP Urbanism; Regina Meyer (08/2012) Project Consultant, author of previous redevelopment projects

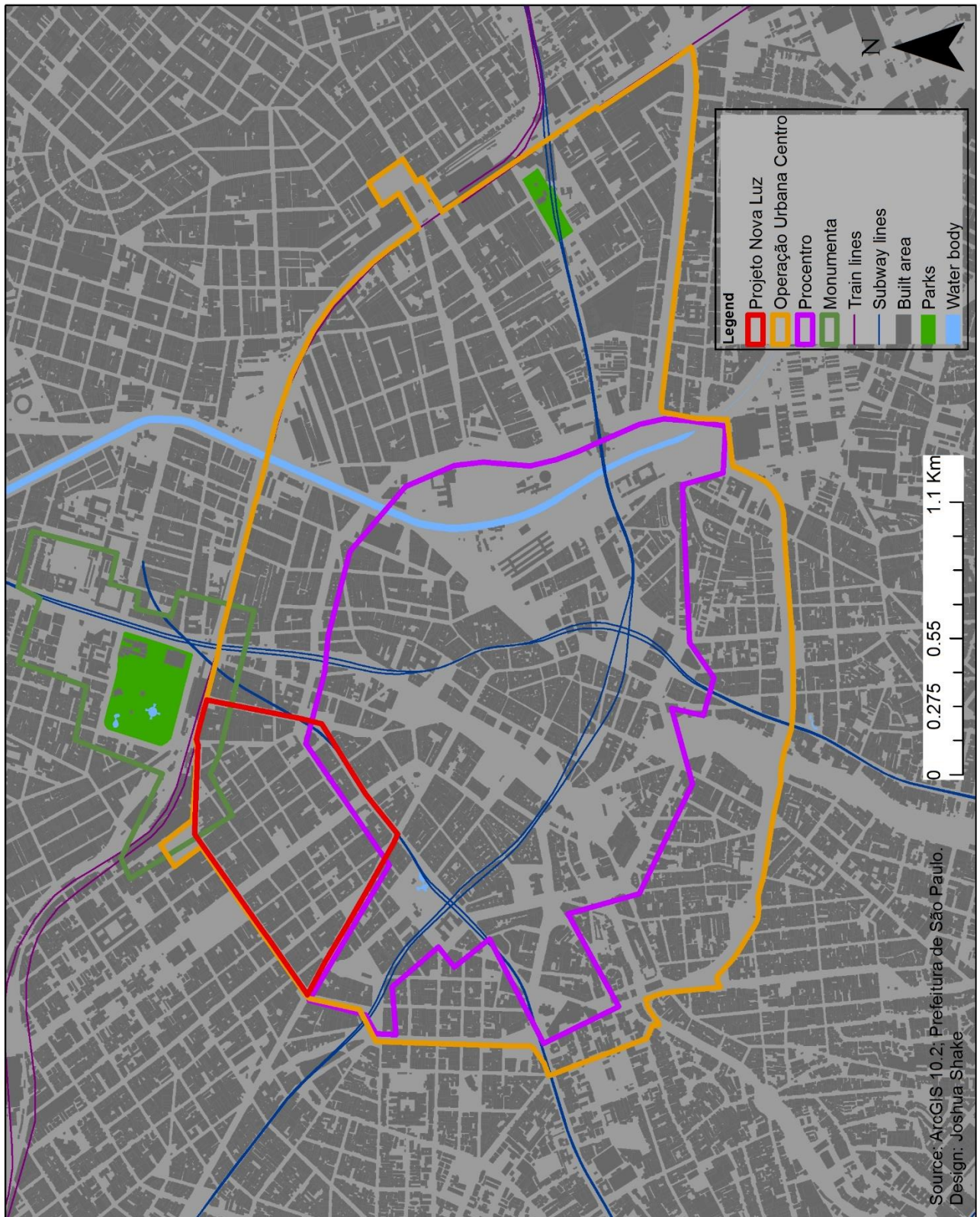


The Lei de Incentivos Seletivos of 2004, which sought to attract new businesses to the old downtown through additional financial incentives also provided for the transference of a large private university to the old BankBoston headquarters according to interviews with city planners.<sup>9</sup> With the transference of many municipal secretariats to the downtown, 8,500 new individuals now worked there; including the transfer of state departments, this total reached 11,500 (Cusce Nobre, 2009). Finally, these actions also created a new civil society participatory forum: the Forum de Desenvolvimento Social e Economico do Centro (Social and Economic Development Forum of the Center) and the Agencia de Desenvolvimento do Centro (Center Development Agency). Through them, civil society was to serve a greater role in the programs; the first was a decisive body and the second an executive body, both with diverse representation from active groups in the center.

Cusce Nobre (2009) noted, however, that this program received criticisms in that some of its proposals were not congruent with others, and that many could result in valorization and gentrification. Additionally, the removal of the bus terminals was considered by some as an “elite-izing” action (ibid). Similarly, Pinto and Galvanse (2009) observed that not all parts of the proposals were completed and in some cases not to the original plans; this project did create some articulations between the disparate previous ones, but this problem was still one to be overcome. For reference, the perimeters of Nova Luz and other redevelopment project attempts in the region are shown in Figure 8.

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<sup>9</sup> Interviews with Anna Barros (02/2014) Nova Luz Lead Planner, SP Urbanism; Regina Meyer (08/2012) Project Consultant, author of previous redevelopment projects



**Figure 8: Site Map of Selected Redevelopment Project Areas in Centro Region (depiction by Joshua Shake)**

## **The Failures of Culture-led Redevelopment: Luz Cultural**

While the above actions were occurring under the purview of the municipal government, the state government attempted a number of activities for the area near the Luz train station. In 1983, the State Culture Secretariat developed a project for the Luz station region that was released in 1984. Luz Cultural attempted, through promotion of the cultural facilities in the neighborhood, increase tourism and thus initiate revitalization efforts in the neighborhood. Following the ideas of culture-led development, the Secretary argued that this method would be more successful than infrastructure projects, generating a natural process of redevelopment (Kara Jose, 2007). This effort concentrated on public relations and advertising campaigns, the creation of tourist routes connecting all of the cultural attractions in the neighborhood, the organization of zoning in collaboration with the city government, and a few revitalization projects for historic buildings. There were no major projects planned; rather, the innovative feature of this project was its inductive nature and not financial nature, according to the Secretary (Kara Jose, 2007). It was at this time that the Liceu de Artes e Oficio was converted to the Pinacoteca do Estado (state art museum) and the Museu de Arte Sacra (Sacred Art Museum) was reformed. Additionally, in 1986 a guide was released highlighting 63 points of interest in the neighborhood, including all of the places to visit and architecturally significant buildings, with the intention of “promoting the rediscovery of the neighborhood” (Kara Jose, 2007). However, these efforts did not result in increased real estate activity in the neighborhood nor the gentrification pioneers (see Zukin, 1989); and the attempts at agreements with private interests to revitalize properties failed (Kara Jose, 2007).

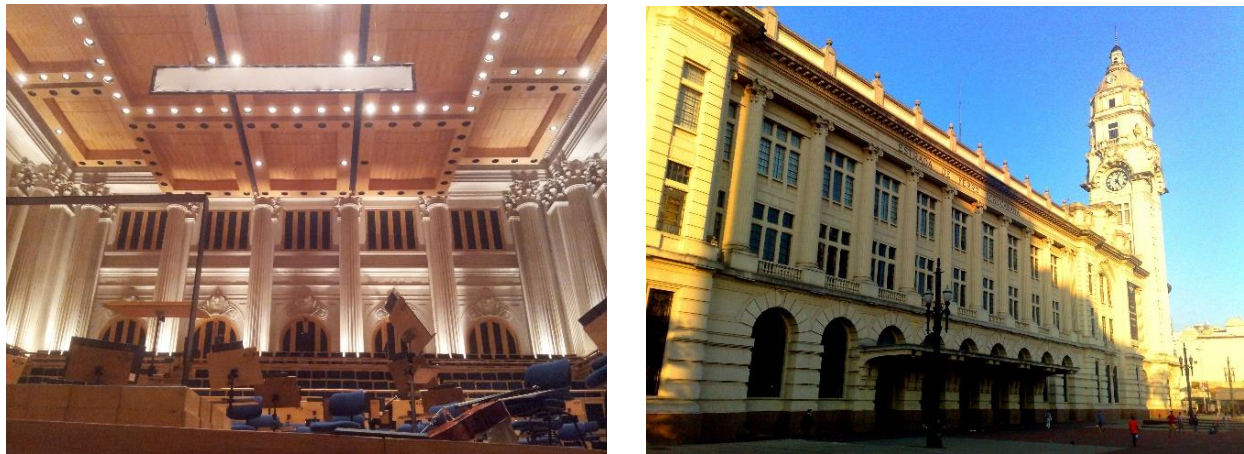
Interviews with city planners revealed in the mid-1990s, the state government once again attempted to revitalize the area, this time through the creation of a cultural cluster.<sup>10</sup> Instead of small projects, this attempt emphasized the creation of larger projects and cultural facilities as proof of the government's capacity to invest and thus attract private sector interest. Nonetheless, the starting anchor for this project was like other projects in the city—transportation—and would only later shift to a culture-led redevelopment model (see, for example: Dunder, 2010; Degen, 2003; Knox, 2009; Rodriguez and Martinez, 2003). In 1995, the Secretaria dos Transportes Metropolitanos (Metropolitan Transportation Secretariat) implemented the Projeto Integração Centro (Center Integration Project), connecting metropolitan region trains (CPTM) to Barra Funda, and Luz stations and starting construction on a new metro line (Kara Jose, 2007). The Luz station played a critical role in this effort—as a transportation hub—and as a potential cultural pole and attraction in the neighborhood. The incorporation of cultural components was influenced by Associação Viva o Centro and its consultant, Regina Meyer, who coordinated the Luz Cultural project as well. That association also helped in spreading the concept of revitalization through culture, promoted the creation of a more comprehensive plan for the neighborhood, and provided conceptual definitions and ideas for projects (Kara Jose, 2007). Interviews with city planners and documents revealed this project was not fully completed, however.<sup>11</sup> Aside from the award-winning conversion of the Estação Julio Prestes and adjacent plaza into Sala São Paulo for the orchestra (see Figure 9), the Pinacoteca, Parque da Luz, and Luz Station were renovated and the Museu da Língua Portuguesa was installed in part of the Luz Station. Yet, a larger redevelopment plan was not completed as originally proposed for the

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<sup>10</sup> Interviews with Anna Barros (02/2014) Nova Luz Lead Planner, SP Urbanism; Regina Meyer (08/2012) Project Consultant, author of previous redevelopment projects

<sup>11</sup> Interviews with Anna Barros (02/2014) Nova Luz Lead Planner, SP Urbanism; Regina Meyer (08/2012) Project Consultant, author of previous redevelopment projects

surrounding area and the culture-led redevelopment attempts once again failed to initiate the desired private sector interest in the region.<sup>12</sup>



**Figure 9: Sala São Paulo and Estação Julio Prestes (images by Joshua Shake)**

Over the previous 30 years, a series of successive redevelopment attempts focused on the Luz and surrounding regions of downtown São Paulo. Their progression reads like a genealogy of popular redevelopment governance and structuring mechanisms of the period. What started with growth-machine like, boosterist-led attempts employing neoliberal urbanism techniques and no public participation evolved into many attempts at using cultural anchors and the hopes of a “Bilbao effect” in São Paulo. These later efforts incorporated some public participation and also saw the use of public-private partnerships for punctual building renovations, but both were highly uneven in their use and the culture-led redevelopment efforts did not result in a neighborhood-wide transformation as city leaders had hoped.

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<sup>12</sup> Interviews with Anna Barros (02/2014) Nova Luz Lead Planner, SP Urbanism; Regina Meyer (08/2012) Project Consultant, author of previous redevelopment projects



Nationally, and emerging from the same historical moment, privatization and participatory planning became cemented in various laws and regulations and began to frame the governance structure that would be used to shape cities and urban policy. The repeated failures of culture-led efforts in the Luz region steered city leaders to seek new redevelopment mechanisms to address that area in the Nova Luz project that would follow. This project also would directly bring together those two governance forms whose roots emerged in the same historical context but took divergent paths: privatized urban planning and participatory planning.

## **CHAPTER III**

### **A New Redevelopment Tool through Privatized Urban Planning**

Following numerous attempts over numerous municipal administrations at redevelopment in the Nova Luz region of São Paulo, city leaders continued to be interested in reimagining that neighborhood. Early attempts provided a few significant, albeit incremental changes, mostly in terms of cultural facilities. Yet, the desired outcomes of overall neighborhood revitalization from “culture-led” redevelopment and market-led “neoliberal” approaches to urbanism did not manifest. This led city leaders to pursue the Nova Luz Project, which followed directly from those culture-led previous projects in São Paulo. However, it was a complete departure from redevelopment logics previously pursued.

Instead, the São Paulo municipal government decided upon a new redevelopment form, untested and unprecedented in Brazil. This new policy instrument in practice brought back together two forms of urban governance which had emerged in the same period of economic, political, and social restructuring following the end of military rule in the late 1980s and 1990s. That is, the return to and evolution of democratic governance, along with new innovative participatory institutions went hand in hand with the rise of entrepreneurial urbanism in São Paulo. In Nova Luz, these two rationalities—collective, public decision making and private market efficiencies—to best determine outcomes in urban space were the two dominating and competing modes of governance for the creation and completion of the project. Despite

emerging in the same contextual milieu, these policy frameworks took divergent paths until brought directly together in the Nova Luz project. Yet, it was the ways in which the public and private forms were structured together that made the project problematic, as they played out through points of both consensus and cooperation and others of contention and conflict.



**Figure 10: Nova Luz Project Area Map (depiction by Joshua Shake)**



## **The Birth of the Nova Luz Project: Incentives Attempt**

On September 5, 2005, the then vice-mayor of São Paulo (Gilberto Kassab) announced a new revitalization program, called Nova Luz, which would be based on building upon the existing electronics commercial activities in the area and the creation of a technology cluster. They justified a new program focused on the Luz region to end the spreading thin of financial resources across a large area of downtown (Cusce Nobre, 2009). The PROCENTRO and Monumenta Projects provided the funding for Phase I of the project planning under the Urban Concessions model later employed. However, the funding for these programs ended in the late 2000s according to planning documents. Early eminent domain proceedings occurred under the direction of the Operação Urbana Centro (Centro Urban Operation). Finally, the project area itself emerged from early discussions among São Paulo city planners in reusing the underused railroad infrastructure in the downtown region that had provided for much of its early centrality role.<sup>13</sup>

“The idea for the Nova Luz Project actually emerged some time ago. Many years ago some internal discussions between planners here began to look at what to do with all of the old warehouses and spaces from the railroad infrastructure that cut through the central region of the city.” (Anna Barros, Nova Luz Lead Planner, SP Urbanism; translation by Joshua Shake)

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<sup>13</sup> Interviews with Anna Barros (02/2014) Nova Luz Lead Planner, SP Urbanism; Luis Ramos (08/2012) Nova Luz Project Coordinator, Urban Development Secretariat; Luis Ramos (11/2013) Nova Luz Project Coordinator, Urban Development Secretariat

The idea was to provide fiscal incentives for private investment in the region and was aided initially by a declaração de utilidade pública (public utility decree). This act, Decreto Municipal No. 46.291, 2005, provided for the eminent domain (desapropriação) of private properties within a perimeter of 105 thousand square meters in the Santa Ifigenia neighborhood.

In October, the city government created an online portal (for 30 days) through which businesses interested in investing in the neighborhood could register. The minimum investment was set at R\$50 thousand, and the specific types of incentives were originally to be defined based on the investment value, construction or reform of buildings, type of business, and other factors. To reach the minimum investment value, valid expenses included project creation (up to 5% of the total investment value), land acquisition, project completion, service instillation, and improvements to structures. According to interviews with city planners, twenty-three (23) businesses expressed interest.<sup>14</sup> They included 11 information systems businesses: Audatex Brasil Serviços Ltda.; Bravo Telecomunicações Ltda.; BRQ Soluções em Informática S/A; Digisign Ltda.; E-Safetransfers S/A; IBM Brasil Ind. Máquinas e Serviços Ltda.; Magna Sistemas Consultoria S/A; Magna Web; Meta Serviços em Informática Ltda; Microsoft Informática Ltda.; and Pyxsinfo Tecnologia Ltda. Three call centers: Atento Brasil S/A; TMS Call Center S/A; and TNL Contax. One publicity firm: Fess Kobbi Ass. de Marketing e Comunicação Ltda. One printing firm: Klar Indústria e Comércio de Eletro-eletrônico Ltda. One cultural institution: Instituto Moreira Salles. One shopping center: Mercado Eletrônico S/A. And five real estate investment firms: BR Properties S/A; Bracor Empreendimentos Imobiliários Ltda.; DMF Construtora Incorporadora Ltda.; Klar Imobiliários Ltda.; and Partifib Projetos

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<sup>14</sup> Interviews with Anna Barros (02/2014) Nova Luz Lead Planner, SP Urbanism; Luis Ramos (08/2012) Nova Luz Project Coordinator, Urban Development Secretariat; Luis Ramos (11/2013) Nova Luz Project Coordinator, Urban Development Secretariat

Imobiliários. With this project conceptualization it was clear that this was different from previous projects for the Santa Ifigenia/Luz region:

“There was a clear departure from the previous projects for the Centro region. Nova Luz was very different from the other projects that tried to use museums and culture to revitalize the area. It is a very different mode of redevelopment.” (Regina Meyer Regina Meyer, Project Consultant, author of previous redevelopment projects; translation by Joshua Shake)

Later, in December 2005, the then mayor José Serra passed Lei Municipal No. 14.096/05 which, along with Decree 46.996/06, defined the structure of incentives and set the program length for ten years. Two types of incentives were included: discounts of up to 50% on property taxes (IPTU) and discounts of up to 80% on service taxes (ISS). These were later changed to a 50% reduction in IPTU, a reduction of up to 60% in ISS, reduction of up to 50% of ITBI (Imposto de Transmissão Inter Vivos-another tax on the property); and a reduction of up to 60% in ISS for building construction or reform. Following completion of the investment, the business would also receive a Certificado de Incentivo ao Desenvolvimento (CID-Development Incentive Certificate) in the value of 50% of the construction, restauration, and residential preservation investments along with 80% of the investments in service provision. These certificates were to be valid for five years, distributed in 20% annually adjusted installments and could be used for later ISS or IPTU payments, or even the purchase of transit passes (bilhete unico) for

employees.<sup>15</sup> In total, the proposed projects sought to construct or reform some 154,911 square meters with an investment value of R\$ 752,718,380 and the creation of 25,926 jobs. None of these investments, however, would be realized as confirmed by city planners.<sup>16</sup>

In March of 2006, the then mayor José Serra stepped down in order to run for São Paulo state governor. In his place Gilberto Kassab (then DEM) became mayor. He announced early on that he would continue the Nova Luz project with the demolition of 270,000 square meters. A year later, in May of 2007, the city government opened the bidding process for streetscape and infrastructure improvements in the neighborhood, including new street lighting, sidewalks and fiber optic cables along 16 streets. Because of delays, this project was reopened in June 2008 and contracts were not signed, however, until December 2008/January 2009 at a cost of R\$ 13.7 million and a 15-month completion period. Also in May of 2007, the Kassab administration announced the enlargement of the Nova Luz project area by 269,000 square meters in Decreto Municipal 48.349/07. At the time, however, the government did not make the lists of specific blocks, lots, and buildings that would be subject to eminent domain publicly available. It was also at this time, in 2007, that the complications of this redevelopment attempt began to mount, according to city planners:<sup>17</sup>

“The Santa Ifigenia region is highly fragmented across countless property owners, abandoned buildings, and historic preservation designations. And it turns out that the

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<sup>15</sup> Interviews with Anna Barros (02/2014) Nova Luz Lead Planner, SP Urbanism; Luis Ramos (08/2012) Nova Luz Project Coordinator, Urban Development Secretariat; Luis Ramos (11/2013) Nova Luz Project Coordinator, Urban Development Secretariat

<sup>16</sup> Interviews with Anna Barros (02/2014) Nova Luz Lead Planner, SP Urbanism; Luis Ramos (08/2012) Nova Luz Project Coordinator, Urban Development Secretariat; Luis Ramos (11/2013) Nova Luz Project Coordinator, Urban Development Secretariat

<sup>17</sup> Interviews with Anna Barros (02/2014) Nova Luz Lead Planner, SP Urbanism; Clara Marques (07/2012) Communications Director, Nova Luz Project; Luis Ramos (08/2012) Nova Luz Project Coordinator, Urban Development Secretariat

financial incentives were poorly designed and unclear. There wasn't much specificity with them.” (Anna Barros, Nova Luz Lead Planner, SP Urbanism; translation by Joshua Shake)

Legal issues had delayed the eminent domain proceedings already in progress, and few had yet to be resolved, making it clear that the private sector was also losing interest in the project. Kassab had also promised that those nearly 270,000 square meters would be ready for development by the end of his term in 2008, but the first 50 eminent domain proceedings took over two years to be resolved amidst deep disagreements over reimbursement values. Planning documents show only in October of 2007 did the first demolitions occur; totaling 57 about a year later of the 58 buildings obtained through eminent domain.

The internal issues were slowly causing the failure of this attempt using incentives, exacerbated by the poor design of the rebate programs and internal administrative issues. The city government still believed that the 23 businesses would be relocated to the area, but no contracts were ever reached and most never left the early negotiations phases. New project initiatives began to seem necessary, as a Nova Luz coordinator expressed when discussing the new project in relation to the incentives attempt:

“The idea is to create a 24-hour neighborhood. You can't expect [businesses] to relocate here when the area changes so much at 6pm. Here there isn't anything open.” (Clara Marques, Communications Director, Nova Luz Project; translation by Joshua Shake)

Despite these mounting failures, the city was also attempting to show its investment interest in the region. Six public facilities were being planned, with a total investment of R\$ 97.66 million. Only two were actually completed, however: a new headquarters for the Guarda Municipal (Municipal Guard) and a new branch of the Escola Technica Estadual (State Technical School).

Externally, the private sector's lack of certainty in the proposed redevelopment mechanisms' efficacy, and lack of confidence in the financial and administrative capacities of the city government became apparent, as well. The large construction company Odebrecht produced plans under the direction of the architect Márcio Lupion, which would have created mixed-use buildings with ground floor retail and apartments between 65 and 120 square meters. Another plan received more public attention. A group of businesses under the leadership of the Sindicato das Empresas de Imoveis de São Paulo (SECOVI-São Paulo Union of Real Estate Companies) contracted famed architect and former mayor of Curitiba Jaime Lerner to develop a parallel redevelopment plan for the neighborhood.<sup>18</sup> This project did not make much headway, however. The proposal centered on a 200-meter 80-story tower as its focal point, completely out of scale with the rest of the neighborhood. The project also suggested the removal of the Zona Especial de Interesse Social (ZEIS-Special Social Interest Zoning) public housing zoning in the area, which would have been politically difficult considering the mobilizing civil society groups in the neighborhood.<sup>19</sup>

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<sup>18</sup> Interviews with Clara Marques (03/2013) Communications Director, Nova Luz Project; Clara Marques (07/2012) Communications Director, Nova Luz Project

<sup>19</sup> Interviews with Anna Barros (02/2014) Nova Luz Lead Planner, SP Urbanism; Clara Marques (03/2013) Communications Director, Nova Luz Project; Clara Marques (07/2012) Communications Director, Nova Luz Project

## **The Creation of a New Redevelopment Instrument: Urban Concessions**

During the administration of Mayor Marta Suplicy (2001-2004, PT-Workers Party) the São Paulo completed the first Plano Diretor (Master Plan) in over 40 years. According to the Estatuto da Cidade (City Statute), this federal legislation requires its completion in cities over 20,000 habitants, cities in designated metropolitan regions, cities in tourist areas, and cities in environmentally sensitive areas. Paulo José Villela Lomar, legal chief in the Secretaria Municipal de Planejamento Urbano (SEMPLA-Municipal Urban Planning Secretariat), incorporated among the 42 urban planning instruments the Concessão Urbanística (Urban Concession) which had emerged from his master's thesis (Francisco da Souza, 2011). Upon passage in the Camara Municipal (City Council), the urban concession became officially incorporated into the Master Plan and city law (Article 239, Law No. 13.430, 2002). This redevelopment tool was a new instrument developed in São Paulo that would later be incorporated into other Brazilian cities' municipal codes and plans. Nonetheless, it was very vague and did not specify how it would function nor in which parts of the city it would be used. It merely granted the mayor power to open a public bid for delegation of a consortium for project completion, stated that the consortium would be remunerated through land and building exploration in the project area, that they would be responsible for takings (eminent domain) payments, and responsible for plan creation for the project. It is important to note the historical significance of this model of urban development. While historically large scale developers, concessions, and contracts all factored significantly in the development of public housing and other infrastructure projects in Brazil, the form in which concessions and contracts with the private sector is much different in the Luz case in scope, size, scale and powers granted to the private sector actors.

Kassab was reelected mayor in October 2008 (beating Marta Suplicy in the runoff election) and announced a month later that the urban concession could provide for the completion of the Nova Luz project. The city government suggested that this could overcome the difficulties of eminent domain and believed the private sector would have more facility in negotiating with property owners and speed up the process. It was also noted at the time that this planning instrument had never been used in Brazil and would require City Council approval before entering into use, along with the private sector's renewed hope that the revitalization could continue with this new mechanism.

. On February 26, 2009 the Mayor's office forwarded the bill creating the urban concession provisions to the City Council. Nearly two months later, on April 22, 2009, the City Council approved the Lei da Concessão Urbanística (Urban Concessions Law, No. 14.917) on a 42 to 10 vote (See Appendix A for the full text of this law). This law officially created the ability for the public sector to transfer, to the private sector through bidding, the ability to redevelop legally defined regions of the city. In doing so, they must follow all relevant laws and directives, as well as provide the necessary services and public facilities in exchange for the ability to explore the real estate benefits through the sale and rental of properties. The law also specified the ability of the private sector consortium to initiate eminent domain proceedings following the same provisions granted to the public sector, namely, the declaration of public utility and just compensation. The final version of the law, however, did not specify the pre-determined timelines for project completion or fiscal accountability.

At the same time, on April 22, 2009, the City Council also approved the first urban concession in the city for the Nova Luz perimeter (Law No. 14.918) on a 41 to 10 vote (See Appendix B for the full text). Both of the laws were forwarded to the mayor on the following



day and signed into law on May 7, 2009. Four revisions were proposed, to the Urban Concessions Law, all by Councilmember Mara Gabrilli. The first, and only to be incorporated, sought to guarantee architectural accessibility and urban mobility, promoting citizenship, safety, and autonomy for persons with deficiencies and limited mobility in the revitalized areas (Art. 3). The second revision would have established guaranteed specific timelines for project completion in each law creating a specific urban concession project, such that the thousands of people directly impacted by the project would be able to know exactly how long they would be impacted (Art. 5). The third would have specified that the bid process recognize the objective and efficient allocation of risks from the concession, following the United Kingdom example where 60% of the savings in public-private partnerships comes from efficient risk allocation in contracts (Art. 15). The fourth would have required the concessionary group to provide semiannual status reports to the city government and civil society (Art. 26).

In São Paulo, the Mayor's office was able to build upon a previously named but not defined urban policy instrument found in the Master Plan. Through two successive pieces of legislation, not only was this new redevelopment form created, but prescribed for the Nova Luz region. In this sense, the tool was specifically formulated for use there and in response to yet another failure at redevelopment. The incentives attempt at promoting public-private partnerships with companies was poorly created, lacked legal specificity, and did not result in any real action. In creating the Urban Concessions law and policy tool, São Paulo city builders consolidated their desire to use public-private partnerships to redevelop Nova Luz. But unlike the incentives program—which would have resulted in building by building public-private partnerships, the new instrument provided for one firm or one consortium of firms to compete plans for the entire 45 block region through a public bid process. This is a distinctive difference

in the emergence of privatized urban planning. The city government cedes redevelopment powers for plan and project completion to private firms for an entire neighborhood. Whereas in Shatkin's (2008) case of privatized urban planning, private development firms approached local governments with plans in hand for projects, the São Paulo government was the leader in the privatizing process.

### **Developing the Nova Luz Plans**

The Nova Luz project is directly subject to Laws No. 14.917 and 14.918, along with the São Paulo Master Plan. However, one set of federal legislation is also relevant here. According to Brazilian Federal Law, there are two types of Public Private Partnerships: Administrative Concessions and Sponsored Concessions (Law 11.079/2004). In both cases, the investor implements and operates the projects, which are remunerated by the government (Federal, State, Municipal) for a minimum period of five years and a maximum of 35 years. In Administrative Concessions, the government allows the private initiative to develop and provide a service from which the State is a direct or indirect user. The payment to the private sector comes exclusively from the State as there is no collection of tariffs or fees from end users. Sponsored Concessions are characterized by a concession agreement for services or public works where there is the collection of tariffs or fees from end users and also the payment by the state. Brazilian law (Law 8987/1995) distinguishes these types of concessionary Public-Private Partnerships from a traditional concession in that the cost of using the service provided by the private party is borne exclusively by the users of the service and not by the state in traditional concessions. The specific steps to creating a Public-Private Partnership in Brazil, based in Federal Law 11.079/2004, are: 1. Submission of preliminary proposals; 2. Approval of proposals; 3. Study of

proposal; 4. Modeling of projects; 5. Public consultation; 6. Invitation to tender; 7. Contract; 8. Implementation.

On May 1st, 2010, the São Paulo city government announced the results of the public bid process for the development of the Nova Luz Project, originally capped at R\$11.8 million (later growing to R\$12.5 million). Five groups submitted proposals. The consortium made up of Concremat Engenharia, Companhia City, AECOM Technology Corporation and Fundação Getúlio Vargas received 81.3 points surpassing the 75 points gained by the consortium Logos Engenharia, RTKL Associates, Piratininga Arquitetos Associados and Arcadis Tetraplan.

Based in the relevant federal and local legislation, the city government developed a timeline, with the estimated completion date set for just ten months for the entire process. In Steps One and Two, preliminary studies and urban design and redevelopment projects were to be created. Only in Step Three did preliminary public presentations and meetings occur. The timeline provided five weeks to complete this step, which included conducting sectorial consultations with representatives of economic sectors whose activities exist in the area or are foreseen in the preliminary redevelopment program; representatives from housing movements that operate in the intervention area; representatives of trade associations whose activities relate to the project area, in particular those representing sectors of construction and real estate, along with the creation of a summary report of the meetings. Steps Four and Five involved revisions of the plan and its various components; Step Six involved licensing and public hearings and Step Seven the final revisions and changes to the plan.

Public participation, and specifically participatory planning bodies, were therefore incorporated in the project in a relatively small capacity. According to relevant federal and local laws, meetings only need to occur once draft plans are completed, undermining the participatory

process and the value given to a truly participatory planning exercise. Similarly, the timeline only provided five weeks to complete specific meetings, a very short time for a project of such a large scale. Project-wide participatory planning municipal councils were never to be formed, and the municipal council focused on public housing faced many challenges, which are discussed in the next chapter. Although the minimum requirements for public participation were at least met in the project timeline and overall structuring, this format did not promote a full integration and full realization of participatory planning. The incorporation of participatory planning at key points, instead of throughout the entire process favored the market based rationality for shaping urban space, instead of promoting an even emphasis of that form with participatory democracy rationality.

Along with the Housing Secretariat's role in public housing programs (discussed in detail in Chapter 4), two other secretariats were to be involved following Law No. 14.917 (See Appendix A): The Municipal Urban Development Secretariat (Secretaria Municipal de Desenvolvimento Urbano-SMDU) was tasked with coordinating the activities of the urban concession, drafting the relevant background documents, and handing coordination with other city agencies. The Municipal Urban Construction and Infrastructure Secretariat (Secretaria Municipal de Infraestrutura Urbana e Obras-SIURB) was responsible for granting the urban concession, as well as managing the bidding contracting, and monitoring processes. Likewise, Law 14.918 provided for the specific function of the plan, stating: "§ 3 It is entirely up to the specific urban project to define, among buildings located within the perimeter of the concession, those which will be subject to expropriation, demolition, renovation or construction." Table 5 presents basic information about the Nova Luz Project scope and costs.

**Table 5: Nova Luz Project Basic Information (data from Prefeitura de São Paulo; design by Joshua Shake)**

Project Area:	50 hectares (45 blocks)		
Current Inhabitants:	12,000	Proposed Inhabitants:	12,000
Current Jobs:	24,000	Proposed Jobs:	19,400
Total New Housing Units:	4986	New Public Housing Units:	2193
<b>Costs</b>			
Design Phase:	R\$ 13.7 million		
Preliminary Infrastructure and Streetscape Improvements (completed):	R\$ 12.5 million		
Implementation Phase (5 stages, 15 years):	R\$ 1.1 billion		
Implementation Cost to Municipality:	R\$ 370 - R\$ 621 million		

Following the neoliberal turn in Brazilian governance, which resulted in departmental restructuring and fiscal restrictions, municipalities in general and São Paulo specifically faced a lack of financial and management capacities to carry out large-scale urban projects. Yet, the scope and scale of Nova Luz is much larger than anything else attempted in recent history in Brazil and significantly greater in scope than the previous attempts in that region of São Paulo. With only three municipal secretariats involved—one for contract compliance, one for project management, and one overseeing the public housing portions, the demands on municipal capacities could be kept to a minimum. Although the project touched on areas under the purview of numerous municipal secretariats—from parks, to schools, to social services, to just name a few, many of these secretariats had no previous plans in the works for the region. In a sense, they were receiving a completed plan with minimal staff and financial expenditures. Thus, I argue, a motivating factor in the turn to entrepreneurial urbanism in this case was not just fiscal considerations detailed in the literature, but also the capacities (or lack thereof) of local governments to carry out large scale projects under neoliberalism.



Just six months after the contract with the consortium was signed, the São Paulo government presented on Nov 17, 2010 the first urban design schematics for the Nova Luz Project (See Appendix C for a list of project guidelines). Figure 11 shows which buildings and blocks were to be kept, renovated, and rebuilt. Articles and releases at the time emphasized the fact that streets and plazas have been inspired by places like La Rambla (Barcelona), Campo Santa Margherita (Veneza) and Bryant Park (Nova York). Project leaders even expressed inspiration in some of Jane Jacobs ideas for urban spaces (Shake, 2015):

“In relation to Jane Jacobs, we have the issue of mixed use involving housing in part of the project area. A premise was to increase the residential areas, especially in ZEIS [special public housing zoning], bringing populations to use the region in periods beyond commercial hours. The importance of existing specialized commerce was understood, maintained, and valued, which would be complemented with the harmonic coexistence with residential uses...enabling residents in ZEIS areas, that already live in the region and would live in new housing units to work in this commercial hub. Maintain and keep this population in the region was a goal of the project, resulting through the offer of housing units proposed in ZEIS and through the rehabilitation of buildings for HIS [public housing].” (Luis Ramos, Nova Luz Project Coordinator, Urban Development Secretariat; translation by Joshua Shake)

While this point marked the beginning of the complicated interactions with the civil society organizations and public at large (discussed in detail in Chapter 4), the planning processes within the local government and primarily within the consortium were able to operate very quickly and within the prescribed timeline during the early stages.<sup>20</sup> Later court stays delayed this process (again, discussed in detail in Chapter 4), but attention herein will be given to those internal processes.

Because of the defined roles of specific municipal secretariats and the consortium, project development was allowed to and essentially obligated to operate in isolation within the consortium. Periodic meetings were held between consortium planners and municipal project coordinators, along with the provision of data and other requested documents, according to city

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<sup>20</sup> Interviews with Clara Marques (07/2012) Communications Director, Nova Luz Project; Joyce Reis (09/2013) SMDU Employee; Luis Ramos (08/2012) Nova Luz Project Coordinator, Urban Development Secretariat

and consortium planners.<sup>21</sup> Additionally, because of that structure, the consortium only dealt directly with the Urban Development Secretariat and through it with other relevant city departments, undoubtedly streamlining the process.<sup>22</sup> When asked about this structure and the cooperation between city departments, the Urban Development Secretariat's project coordinator suggested that there were no issues of territoriality or reluctance to cooperate; rather, because of the lack of internal capacities and ability to draft plans for such a large and complex city, some departments viewed the Nova Luz project as a gift:

“It was a ready-made plan for a relatively large area of the city in need of public sector attention—attention that they were unable to provide because of limited resources. They can only create plans for so many areas of such a large city.” (Luis Ramos, Nova Luz Project Coordinator, Urban Development Secretariat; translation by Joshua Shake)

Finally, at the same time that the consortium was drafting Nova Luz project plans, the São Paulo State Government, under the direction of its Culture Secretariat, was beginning the planning stages of *Complexo Cultural da Luz* (Luz Cultural Complex.) This project also sought to build upon the more than twenty years of public investments in museums and culture facilities in attempting a culture-led redevelopment of the area (like the Sala São Paulo-São Paulo Symphony Hall, Estação Julio Prestes-Julio Prestes Station, Parque da Luz-Luz Park, Museu da Língua Portuguesa-Portuguese Language Museum, Museu de Arte Sacra-Sacred Art Museum,

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<sup>21</sup> Interviews with Clara Marques (03/2013) Communications Director, Nova Luz Project; Clara Marques (07/2012) Communications Director, Nova Luz Project;; Luis Ramos (08/2012) Nova Luz Project Coordinator, Urban Development Secretariat; Luis Ramos (11/2013) Nova Luz Project Coordinator, Urban Development Secretariat

<sup>22</sup> Interviews with Clara Marques (03/2013) Communications Director, Nova Luz Project; Clara Marques (07/2012) Communications Director, Nova Luz Project;; Luis Ramos (08/2012) Nova Luz Project Coordinator, Urban Development Secretariat; Luis Ramos (11/2013) Nova Luz Project Coordinator, Urban Development Secretariat



and Pinacoteca-São Paulo State Art Museum). The completion of the complex would create the largest cultural complex in Latin America after the public-private partnership with a Swiss firm for a dance hall is completed. This firm received R\$43 million from the state in order to complete a 1750 seat theatre for dance and opera presentations, the headquarters for the Tom Jobim Escola de Musica do Estado de São Paulo (São Paulo State Music School) with activities for 2000 students, a 500 seat recital hall, the headquarters for the São Paulo Companhia de Dança (São Paulo Dance Company), another 400 seat experimental theatre, and an arts library. Despite the location of this project—adjacent to the Nova Luz project area—and the obvious interests in the success of both projects on both the part of the State and Municipal governments, city and consortium planners there were no interactions between the two during the planning stages of either project.<sup>23</sup> This also in spite of the former mayor's (Serra) role as state governor and influential city councilmember Andrea Matarazzo's roles as Subprefeito of the Sé district from 2005 to 2009 and then as State Culture Secretariat from 2009 to 2012. Since that time, the State government has demolished the old bus terminal turned shopping mall for completing the project, but no other actions have been taken. Even with the municipal government changes, city officials have stated that still no communication has taken place and no status updates have reached them. As of the end of 2012, the project was to be completed in 2016, but this seems highly unlikely given the current state of stagnation. Court actions in late 2016 suggest that the project will not be completed. Indeed, the lack of cooperation and the operation of the two simultaneous projects in isolation does represent a break from the direct interest in the power of cultural institutions to revitalize the neighborhood.

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<sup>23</sup> Interviews with Clara Marques (03/2013) Communications Director, Nova Luz Project; Clara Marques (07/2012) Communications Director, Nova Luz Project;; Luis Ramos (08/2012) Nova Luz Project Coordinator, Urban Development Secretariat; Luis Ramos (11/2013) Nova Luz Project Coordinator, Urban Development Secretariat

## **Beyond Nova Luz**

After about two years of planning, court delays, and interactions with civil society (See Chapter 4), the Nova Luz project completed the necessary approval processes in October 2012. Figures 12 and 13 show the final proposed ground floor and upper floor uses, respectively. This, however proved to be too late for the Kassab administration to bid the project implementation phase; the requests for proposals to start the bid process had not reached formal draft form and still had to be open for a determined amount of time—meaning that contracts could not be signed by the end of the elected term in December 2012.





**Figure 13: Site Map of Proposed Upper Floor Uses in Nova Luz Project (map from Prefeitura de São Paulo, used with permission)**

The municipal government's turn to entrepreneurial urbanism through the creation of a new privatized urban development tool highlights their desire to rely on the greater capacities of the private sector to complete a project of such scope and scale. Beyond this, however, their race to complete the project completion bidding process before elections also highlights their desire to insulate the project from the electoral politics of Brazil. Although common in many places, in Brazil it is so common for a new mayoral administration to throw away plans and even projects in progress from the previous administration that an expression has developed: "engavetar o projeto" or to put the project in the desk drawer. Every four or eight years, (depending on incumbency) countless municipal projects are halted across Brazil. This cycling effectively gives mayoral administrations four to eight years to complete projects. In Nova Luz, however, city leaders felt that if the project was contracted before the end of the mayoral term, it would stand a greater chance at completion, especially since it optimistically foresaw a 15-year timeline for completion.

**Table 6: Public Housing Proposed in Nova Luz Project (data from Prefeitura de São Paulo; design by Joshua Shake)**

<b>Income Bracket</b>	<b>Unit Size</b>	<b>Percentage of Units</b>	<b>Total Units</b>
Families with income from 0-6	37m2	18.8%	412 units
minimum wages	42m2	50%	1099 units
1820 units	50m2	14%	309 units
Families with income from 6-16	42m2	4.2%	92 units
minimum wages	50m2	8.7%	191 units
373 units	65m2	4.1%	90 units

As proposed, the 45 block project would have increased the area population by 12,000 and employment by 19,400 jobs. 4,986 new residential units were to be constructed, of which 2,193 would have been public housing. Of which, 1820 units were to be destined for families from 0-6 minimum wages and 373 units for families from 6-16 minimum wages. This information is summarized in Table 6. To do so, all historic preservation designated buildings would be restored, along with significant new construction. The project also sought to double the neighborhood shade through the planting of 1342 trees and the creation of two new plazas. Other streetscape improvements, like bike lanes and universal accessibility were also proposed. In completing the project (in exchange for the ability to profit from the project, similar to community benefits), the winning consortium would have also have constructed three new nurseries, two schools, one public health clinic, one elderly social service center, and one general social service center with a library and workforce training. This information is summarized in Table 7.

**Table 7: Nova Luz Project Proposed Design Features and Public Facilities (data from Prefeitura de São Paulo; design by Joshua Shake)**

77% of current buildings maintained	3 new public nurseries
100% of historic designated buildings restored	2 new public schools
1342 trees, doubling existing shade coverage	1 new public health clinic
12km of bike lanes	1 new elderly social work facility
universal accessibility	1 new general social work facility
2 new plazas	1 new library



Should it have continued, the project would then have gone to public bid for its completion. The idea was to once again contract with a single company or consortium of companies to realize the entire project, given the intricacy of profit making portions and profit losing portions, coordination of a number of simultaneous activities, and overall complexity of the project.<sup>24</sup> The plan also proposed a 15-year completion timeline, divided into five of implementation (See Figures 14, 15, and 16 for the Implementation Plan, Phasing Details, and Phasing Plan, respectively). One of the changes that emerged through the planning process was to the form of project participation of the existing property owners.<sup>25</sup> The final proposal did end up allowing for their participation, under three structures. They could complete the plan designs/guidelines for their property (following the approved project) at 100% cost in voluntary implementation. In shared implementation, they could split the costs (and lose some rights) at 70% property owner 30% consortium. Exclusive implementation would have been the third option, with 100% of costs borne by the concessionary group and eminent domain.

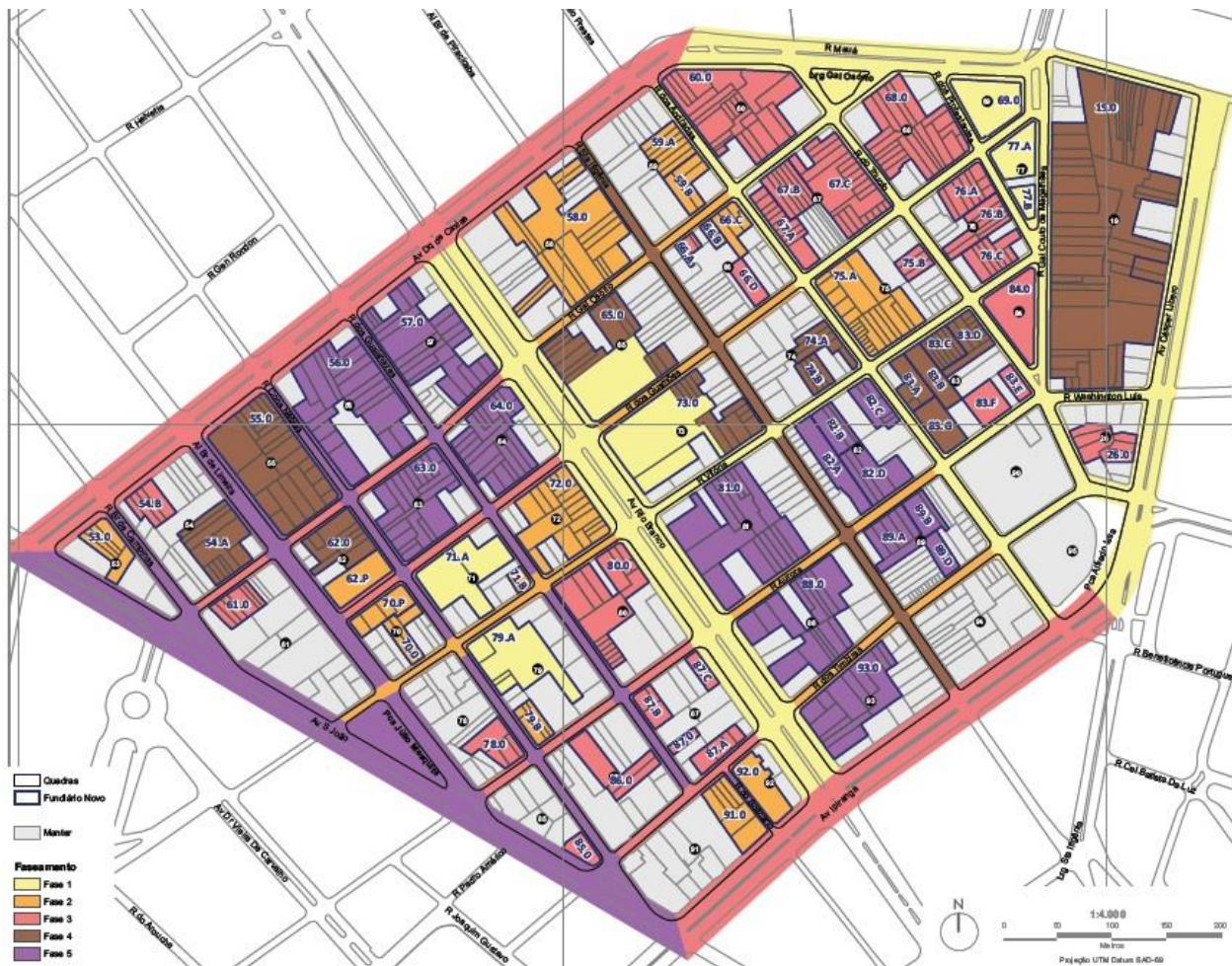
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<sup>24</sup> Interviews with Clara Marques (03/2013) Communications Director, Nova Luz Project; Clara Marques (07/2012) Communications Director, Nova Luz Project;; Luis Ramos (08/2012) Nova Luz Project Coordinator, Urban Development Secretariat; Luis Ramos (11/2013) Nova Luz Project Coordinator, Urban Development Secretariat

<sup>25</sup> Interviews with Clara Marques (03/2013) Communications Director, Nova Luz Project; Clara Marques (07/2012) Communications Director, Nova Luz Project;; Luis Ramos (08/2012) Nova Luz Project Coordinator, Urban Development Secretariat; Luis Ramos (11/2013) Nova Luz Project Coordinator, Urban Development Secretariat







Here we see the second component of this new privatized urban planning form. Not only did the public sector bid the plan creation portion of the Nova Luz project, but it also sought to bid to one firm or one consortium of firms for project completion of the entire 45 block area. Once again, the competing logics of private market and public participation come to a head. In the project completion phase, current landowners could ostensibly participate in the revitalization of the neighborhood, but only if they followed the tightly prescribed plans for their specific property or lot. Otherwise, the private sector firms would obtain control through one of several

mechanisms. Entrepreneurial urbanism outweighed public participation even in the project completion format.

None of this would be realized, however. In Brazil, elections are held in October and Kassab was not able to run for reelection. Seeing an opportunity, community groups actors, drafted an agreement regarding the mayoral candidates' stances on the Nova Luz project.<sup>26</sup> Three of the four frontrunners and all but one of the other candidates signed the agreement, which stated that the candidate, if elected, would "suspend and revise the Nova Luz project, along with alter it in consideration of the needs of the population that lives and works in the region." The only major candidate to not sign was Jose Serra (PSDB), who had given birth to the Nova Luz project during his uncompleted term as mayor in 2005-2006. Since no candidate received a minimum of 50% of all votes in the first round elections, Serra and Fernando Haddad (PT) completed a second round runoff. Haddad was elected with 55.57% of votes (3,387,720) to Serra's 44.43% (2,708,768). At the district level, Haddad won in Santa Ifigenia, with 50.98% (27,809) to Serra's 49.02% (27,809), reversing the result of the first round (27.13% Haddad to 36.09% for Serra). This also meant that the Santa Ifigenia district was the only one in the central region in which Haddad won—a result the community groups attribute to their mobilizations in his support leading up to the final election.

Even before taking office, Haddad expressed concerns and that he did not want to continue the project as it was conceived, but rather still take advantage of some of its physical components. Members of his incoming administration, including the Urban Development Secretary, met with civil society actors involved with the ZEIS council still in December.<sup>27</sup>

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<sup>26</sup> Interview with Paulo Garcia (09/2013) ACSI President

<sup>27</sup> Interviews with Luis Ramos (11/2013) Nova Luz Project Coordinator, Urban Development Secretariat; Teresa Herling (04/2013) Adjunct Secretary, Urban Development Secretariat; Teresa Herling (09/2013) Adjunct Secretary, Urban Development Secretariat

Then, shortly after taking office in January, the Haddad administration announced that the project was “technically unviable” due to the costs involved. City planners expressed interest in pursuing other types of public-private partnerships to revitalize the area.<sup>28</sup> At it, it was confirmed that the Nova Luz project was canceled and that government actions in the region would be through the ZEIS, in that it already had an active management council with proposals. City officials stressed that instead of focusing just on housing, these approaches would be more comprehensive and address historic preservation, mobility, and public health and safety; the Urban Development Secretariat would also assume administrative responsibilities for this ZEIS, along with the Housing Secretariat.

One of the most promising opportunities for revitalizing the Nova Luz project area, along with other central regions of the city, was the Casa Paulista program. In early 2013, the new São Paulo city administration signed cooperation agreements to participate with the São Paulo State government’s implementation of the Casa Paulista program within the city. The city would assist in the provision of lots and buildings, many in ZEIS areas, while the state government would provide the funding and structuring of the public-private partnerships to complete the new housing units. City planners confirmed that the two government bodies did plan a series of pilot projects, but none included any areas within the Nova Luz project perimeter.<sup>29</sup> Casa Paulista also faced a number of court stays for a lack of participation in the planning processes; the same problem that marred the Nova Luz process. In fact, the state government had not considered at all the existence of management councils and not coordinated with the city on structuring them—

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<sup>28</sup> Interviews with Luis Ramos (11/2013) Nova Luz Project Coordinator, Urban Development Secretariat; Teresa Herling (04/2013) Adjunct Secretary, Urban Development Secretariat; Teresa Herling (09/2013) Adjunct Secretary, Urban Development Secretariat

<sup>29</sup> Interviews with Luis Ramos (11/2013) Nova Luz Project Coordinator, Urban Development Secretariat; Teresa Herling (04/2013) Adjunct Secretary, Urban Development Secretariat; Teresa Herling (09/2013) Adjunct Secretary, Urban Development Secretariat

which would have been necessary since São Paulo requires management councils in ZEIS areas (See Chapter 4). As a result, the partnership between the city and state was suspended in late 2013. At the same time and despite the public discussion of new projects, city planners confirmed that had been no meetings between the Housing Secretariat and the Urban Development Secretariat to deliberate new possibilities for the Nova Luz and Santa Ifigenia area.<sup>30</sup>

The one action taken in the region by the Haddad Administration that has been implemented is the Braços Abertos program. This program seeks to depart from previous policies addressing the area's crack-addicted population. Instead of a confrontational approach, this new approach attempts to provide supportive housing, job opportunities, counseling, medical, and rehabilitation services and has been recognized internationally for its innovative approach.

While the above-mentioned projects represent the continuity of urban planning actions in the Luz region of the city, they nonetheless were of a much smaller scale and scope than Projeto Nova Luz and most have not progressed significantly beyond planning stages. In this sense, the urban megaproject attempts for the region have at least temporarily ended. Early in Haddad's administration megaproject attention shifted to the Arco do Tiete development project. This sought to redevelop a large area of the city along both banks of the Tiete River, which bisects the municipality near the Luz region but not including it. An open competition for design conceptualizations was held in 2013, with a number of proposals publicly presented. Since then,

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<sup>30</sup> Interviews with Luis Ramos (11/2013) Nova Luz Project Coordinator, Urban Development Secretariat; Teresa Herling (04/2013) Adjunct Secretary, Urban Development Secretariat; Teresa Herling (09/2013) Adjunct Secretary, Urban Development Secretariat

however, the current political and economic crisis has deepened in Brazil and halted any further progress on this project.

These new ideas for redeveloping the region mark a departure, at least on paper, from the previous mode of redevelopment. In that previous mode, both entrepreneurial urbanism market based rationalities and public participation were present and founded in the legislative guidelines and regulations, which structured the project. However, in practice, the public-private partnership entrepreneurial urbanism dominated the participatory processes. The new ideas reverse this, privileging participation over public-private partnerships and building on the efforts already completed in the neighborhood. Yet, the lack of project development in these two programs shows that the elusive balance between public-private partnerships and participatory democracy institutions still has not been found.

Following the project's demise, a city council member, Nabil Bonduki (PT), attempted to revoke Law No. 14.918/2009 that authorized the urban concession in Nova Luz. In April 2013 he introduced Projeto de Lei 282/2013 which would: revoke the Law No 14.918 from May 7, 2009, that authorizes the Executive to apply the urban concession in the areas of the Nova Luz project, and gives other arrangements. In his justification, he suggested that the local business owners and residents could be victims of real estate speculation in the area resulting from the project structuring. Additionally, he expressed concerns that the project had not been drafted with sufficient public participation and cited the numerous court decisions that found this as well. Instead, the project should be used as a departure point to debate, with the public, possibilities for the region.<sup>31</sup> This law was not passed, however. Moreover, in 2014 the São

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<sup>31</sup> Interview with Nabil Bonduki (08/2012) City Councilmember, author of bill to end Nova Luz and Urban Concessions

Paulo government completed the 10-year revisions of its Master Plan. In it, the Urban Concession provision remained as a possible urban redevelopment instrument.

## **Conclusions**

The Nova Luz project represents a continuity of earlier projects in the old downtown region of the city, which are discussed in Chapter 2. This continuity is explicit in the use of funding from them for the planning stages of Nova Luz and preliminary eminent domain activities; it is also implicit in the ongoing interest in redeveloping portions of the old downtown region. However, new redevelopment mechanisms were necessary for new types of projects. The previous projects' funding expired in the 2000s and those projects were more punctual in nature. They emphasized historic preservation, urban design and streetscape improvements, and cultural facilities; they were not comprehensive, neighborhood-wide redevelopment actions, however. The comprehensive redevelopment of what was to grow to be a 45-block area in a central, downtown region of a Brazilian city was not only unprecedented in São Paulo but in all of Brazil.

Another factor became very apparent in the incentives-based redevelopment attempt and refers to the public sector's capacity to carry out a project of such scale. In Chapter 2, I presented the decentralization and economic restructuring that occurred in the 1990s and 2000s following redemocratization; these two dynamics indeed influenced the city government's capabilities in the Nova Luz attempts. The private sector grew impatient and began to lose confidence in the public sector's capacities to complete the necessary steps. The eminent domain proceedings were very delayed, as well. As they were seeking new mechanisms, city officials acknowledged that the private sector may be more financially and logistically capable of

completing the project. City officials also recognized that many departments and secretariats had no ongoing plans for the Santa Ifigenia/Nova Luz region, as they could not comprehensively plan for all parts of such a large city.

Additionally, the Nova Luz project had an optimistic 15-year completion schedule, but the administrative change was a decisive factor in its lack of continuity. In this case, and in countless cases across Brazil, administrative changes in the political party in power result in the cancelation of numerous projects and contracts. São Paulo city officials were still trying to contract the project completion phase even in the final days of their administration. Thus, their actions show they were seeking to insulate the Nova Luz project from the four or eight year cycles of electoral politics to ensure its completion by the private sector, which is not barred by such cycles. This would also allow the private sector to proceed at a quicker pace, without the bureaucratic encumbrances of the public sector. I conclude that—along with financial considerations—cities may turn to privatized urban planning because of a lack of internal capacity to complete a development project.

Finally, the project, in its current form, failed for two reasons. The new administration officially acknowledged the problems with the participatory process, which I discuss in detail in Chapter 4. However, deeply tied to this factor is that of electoral politics. As mentioned above, political power shifts can deeply influence urban planning in São Paulo and Brazil. Cognizant of this, the civil society groups took advantage of the elections and attempted to ensure the Nova Luz project would not be completed in its proposed form. The Nova Luz project itself became a political instrument, representative of the previous administration; the new mayor (Haddad) quickly spoke out and ended it shortly after taking office. In its place, he suggested projects would be developed with ample participation, highlighting this as a departure from the previous

administration's approaches. In this sense, the uneven application of the two governance forms (which will be explored more in the next chapter) became apparent. Although participatory democracy institutions and the public-private partnership were occurring concurrently for the same urban space and project, they were uneven in nature, marked by both periods of consensus and cooperation and others of contention and conflict.

The second factor that brought about the demise of the Nova Luz project is what I shall call "intramunicipal competition." I will briefly introduce this concept here but will explore it in more detail in Chapter 5. Interurban competition is a well-known occurrence in economic development in which neighboring municipalities compete with one another through different packages of development opportunities, tax breaks, land provisions, and other incentives. intramunicipal competition I argue is a similar phenomenon that can only be recently observed in geographically large cities that have undergone neighborhood specific processes of growth and decline. In it, a city tries to develop or redevelop multiple areas simultaneously using a different package of incentives for each. This splits private sector interests between them as they seek the best combination of low development costs and high profit possibilities. The Nova Luz project was being planned at the same time the Faria Lima/Berrini region was being consolidated as a completed centrality and business district. The comparatively high outlays of redeveloping Nova Luz—including those identified by the city government in ending the project, irregular land parcels, high number of property owners, and even time in confronting a very mobilized civil society—proved to be too costly for the project to continue. Developer and private sector attention was (and still is) very interested in the Faria Lima/Berrini region and was not completely sold on the prospect of the Nova Luz project. Municipal action and real estate developer interest had significant momentum in that other region, where significant investments



and construction had been occurring for a number of years. A certainty of returns there, instead of the relative unknown and complications of a highly mobilized and politically connected public in Nova Luz dissuaded interest as had occurred with so many other redevelopment attempts in the region.

## CHAPTER IV

### **Winning the Battle, but Losing the War: Participation in the Nova Luz Project**

In the overall Nova Luz project format, the entrepreneurial urbanism through public-private partnerships and participatory planning rationales for shaping urban space were unevenly implemented, despite both originating in the same historical and social context and both being regulated by federal and local legislation. While their coexistence in this project (and as two widely popular contemporary forms of urban governance) is historically specific, their functionality was marked by periods of cooperation and consensus and others of contestation and conflict. Just as the ways in which these two governance strategies were brought together proved to be problematic for the planning, so too did the specific types of participatory planning and public forums held in the project. Interviews and meeting minutes show that the specific timing and structure of participatory planning bodies in the Nova Luz project excluded some very relevant community actors from the process. In doing so, they sought other settings to express their views, which I call “extra-formal” participation—outside of the structured and official participatory planning municipal councils. Through these actions, they were able to not merely impact specific components of the plan, but prevent the entire project from moving forward.

## **Emergence of Municipal Councils in Brazil**

One of the most widespread and under researched participatory planning forms in Brazil is the municipal management council (Houtzager et al, 2004). These councils are a federal and municipal legal requirement for a number of areas at the citywide level—like housing, food systems, and health (Vera et al, 2012), and in certain types of specific projects—like public housing in the redevelopment projects that are the subject of this research.

Municipal councils are one of the principal institutional innovations of the redemocratization process in Brazil (Tatagiba, 2004). They originated in the 1970s and 1980s reform movements during the waning years of the military dictatorship and their emergence can be divided in three distinct phases. Still during the dictatorship, early municipal councils had no power, given the certainties of centralized powers at the time. During the period of “political opening,” which was marked by widespread societal pressure for democratization, new political actors and modes of interaction with the state began to emerge (Tatagiba, 2004).

The end of the military dictatorship marks the third phase of the institutionalization of municipal councils. They slowly became legitimized through new constitutional principles, the restructuring of policies, and political-administrative decentralization (ibid). With the new constitution of 1988, policy councils in all three levels of government (federal, state, and municipal) became formalized channels of “autonomous decision” with representation of both the state and civil society and a part of the state administrative structure (Tatagiba, 2004, 360). During the 1990s, their formal codification provided for a widespread expansion and diversification of their implementation and areas of actuation. In São Paulo, this expansion occurred through the creation of the Lei Organica Municipal de São Paulo (São Paulo Organic Law, the set of statutes that govern the city).

## **Municipal Council Dynamics**

Nonetheless, there is a contradiction between the theoretical literature—like that introduced in Chapter 1—and the realities of transition, democratic reform, and urban inequalities in the Brazilian context (Pupo and Bueno, 2012). These institutions represent the possibility of the institutionalization of participation and the ability to intervene in public administration through collaboration with the state in that municipal councils are spaces of decision, as defined by law (Gohn, 2002). In practice, they are only virtual spaces that lack decision-making powers. Concurrent policy elaboration processes, outside of those occurring within the municipal councils, can undermine the actual influence of the participatory processes (Pupo and Bueno, 2012). Similarly, these structures have limited the ability to keep mayoral power in check in formulating urban policy agendas and have been unable to modify the practices and agendas of city councils, as they have subsequently increased their own clientist (exchanging favors), old-style politics (Wampler, 2004; Tonella, 2013).

Internally, the poor are most often not self-representing, but are represented by civil society actors that are politically connected to elected officials and governmental departments (Hernandez-Medina, 2010; Lavallo et al, 2005; Coelho, 2006). This makes municipal councils a policy issue approach more than representative approach of governance (Lavallo et al, 2005). Similarly, prescriptive conceptualizations of an idealized form of democratic participation—implicit in many critiques—overlook the fact that they emphasize different moments in the policymaking process: formulation, implementation, or monitoring (Silver et al, 2010, 453).

The membership formation of the councils can also pose problems. The inclusion of civil society actors, rather than the extent of their participation, serves as the legitimizer of the process; consequently, the inclusion of real estate interests and those connected to the political

party in power undermine the municipal councils (Pupo and Bueno, 2012). This, because specific regulations provide for the same number of participants from government bodies as civil society groups. In addition, with each successive political administration change, the composition of municipal councils changes (Tatagiba, 2011). In this regard, the state has developed its own controls to regulate and influence the composition of municipal councils and other democratic participation bodies that can result in the favoring of certain alliances and regimes (Vera et al, 2012).

Additionally, the political orientation of the party in power at the municipal level changes the ways in which civil society actors interact with the state. In leftist government power, they tend to be less conflictive and use protests less, while taking advantage of the greater ability to participate directly. Yet, this often increases internal fragmentation between the various interest groups. Similarly, public policies that incorporate participation tend to push groups to negotiate with the government, while less permeable policies often result in more direct actions, like demonstrations (Tatagiba, 2011).

In São Paulo, this form of participation distinguishes itself through the direct participation of common citizens and civil organizations. They have found that politically embedded actors, along with those politically connected (especially with the Workers Party, PT), and those included by the government for service provision have higher propensities to participate (Houtzager et al, 2004). Nonetheless, they have observed that there is a tri-part model between different forms of participation, incorporation or interpretation of benefits, and articulation of involvement within the civil society groups. They note that this multitude of structural combinations, including: functions of different actors; interconnections between those

who participate; and roles political parties and the state, mark the emergence of a new form of mass politics in São Paulo (Houtzager et al, 2004).

In 2004, there were 19 municipal councils active in the city of São Paulo, but there was a large variation in their meeting frequency (Tatagiba, 2004). Tatagiba (2004) observed that of these, half directly elect their president, while the remainder appoint one from the relevant city secretariat. Additionally, the seats were distributed with a slight favoring of civil society groups: 53.8% civil society and 37.3% city or other government representatives (Tatagiba, 2004, 342-346). Despite the municipal council federal enabling legislation calling for equal representation between civil society and government, 11 councils had more civil society representatives, four more government representatives, and only two an even distribution between the two (Tatagiba, 2004, 350-352). Civil society representatives included civil associations, residents, unions and professional associations, and even businesses and business leadership organizations (Tatagiba, 2004, 353-355). There was also no consistency in member selection, with some councils using elections, regional elections, sectorial elections, and even appointments (ibid). Finally, the organizations also did not have uniform capacities, while seven were deliberative and two had oversight powers, the majority (nine) were merely bodies used for consultation (Tatagiba, 360). Part of this variance is attributed to whether their creation was originally from federal legislation or from municipal legislation. Nonetheless, these numbers oversimplify the actual capacities of the councils: those with low deliberative capacities can be strong in budgetary control or in the execution of programs and projects (Tatagiba, 2004).

## **From Municipal Councils to Project-specific Municipal Management Councils**

In addition to the sectoral-based municipal management councils, São Paulo is also home to project-specific councils where public housing projects are to be completed in special zones. While São Paulo was not the first city to create these zones, it is the only major city to require participatory councils for them and the case described herein is the first time in Brazilian history where a management council was formed for a ZEIS 3. This configuration is also different in that the ZEIS and management council are inside of the larger Nova Luz project perimeter and were therefore created following that project's plan and not the typical—and legally mandated—process discussed below.

There are four different types of these zones, termed ZEIS (Zonas Especiais de Interesse Social, Special Interest Housing Zones), in São Paulo. Within the 45 block perimeter of Nova Luz, 11 blocks were demarcated as ZEIS 3 in the 2002 Plano Diretor (Master Plan). The Plan designates ZEIS 3 as areas destined for public interest housing, with predominately-underutilized lots and buildings, situated in areas with preexisting infrastructure, urban services, and employment opportunities.

Two mayoral decrees in 2004 outline the planning process and requirements in all ZEIS areas, including the role of the management council. Decree 44.667 passed on April 26, 2004 regulates the provisions of Law No. 13.430, the São Paulo Master Plan, of September 13, 2002. It establishes the Strategic Master Plan requirements for ZEIS areas, Urbanization Plans, and provides for specific standards for the production of Public and Low Income Housing. In its outlined sequence of events, the creation of the Management Council is the first item and is tasked with approving urban, social, infrastructure and housing plans for the specific project area.

The second decree, 45.127 passed on August 13, 2004, amends provisions of the original decree along with regulating Articles 4 and 5 of Law No. 13.657, of October 2003, granting exemption from building rates; providing exemption from payment of public fees in the cases specified therein; and establishing standards of competence. It also specifies the structure and details more of the activities of the management council. Specifically, Article 22 states that the Council is coordinated by SEHAB, composed of representatives of the Government, including public utilities; and civil society, including residents, their associations and homeowners located in ZEIS, with parity between the number of representatives of the Government and civil society, each serving two year terms with the possibility for one reelection. That article also states that the Management Council develops and approves its own bylaws and coordinates participation of the population and NGOs in the project area.

### **Forms of Participation in the Nova Luz Project**

In addition to the contractual obligations requiring the creation of various studies and plans, the consortium was also required to create and manage a communication plan for public interactions. This plan outlined three different channels of interaction, two of which are legal obligations based in the Master Plan: the creation of a Management Council to accompany and approve the ZEIS urbanization plan and Public Hearings. The third was left to the consortium's discretion to design and consisted of the creation of written and visual materials, a project website, and an information center in the project area.

The specific laws which created the urban concessions redevelopment instrument and provided for its use in Nova Luz (Law No. 14.917, May 7, 2009 "Urban Concessions Law" and Law No. 14.918, May 7, 2009 "Authorizing the executive to apply the urban concession in Nova



Luz,” respectively; included as Appendices I and II) provide for a management council, as well. In Article 4, the mayor was required to establish the Nova Luz Management Council, composed of equal representatives of civil society and the city government. It also gave the mayor the power to appoint the Chair of the Management Council.

This process, however was not completed since it only provides for the creation of a council following the completion of the project plan and once the implementation phase is contracted. Additionally, it would have only had verification and monitoring compliance capacities during project implementation. Therefore, in the subsections that follow I present the details, processes, and outcomes of each of the three channels that were actually completed.

### **Participatory Planning through the Management Council**

The presence of a ZEIS 3 within the larger Nova Luz project perimeter makes mandatory a management council, as outlined in the two decrees above. This body, however, was not created until April 2011, just three months before the original project plan delivery date. AMOALUZ (Associação de Moradores e Amigos da Santa Ifigenia e da Luz), the most active and organized of the social movements in the area, along with other housing movements pressured the city government and project coordinators to initiate the process of community meetings and formal elections under the Housing Secretariat’s direction. According to interviews with movement leaders, AMOALUZ was formed in 2009, with the goal of articulating residents’ concerns with the Nova Luz project.<sup>32</sup> Following meetings with project coordinators, where the association’s leaders were urged to formalize a group, AMOALUZ

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<sup>32</sup> Interviews with Clara Marques (03/2013) Communications Director, Nova Luz Project; Clara Marques (07/2012) Communications Director, Nova Luz Project; Simone Gatti (07/2013) ZEIS Councilmember, AMOALUZ; Simone Gatti (10/2012) ZEIS Councilmember, AMOALUZ

attempted to confront the high levels of indifference and low levels of knowledge amongst residents towards the project.<sup>33</sup> Renters, which make up 49.5% of the neighborhood residents, were especially inactive in the council, due to their perceived lack of power in relation to the state and social vulnerability (Prefeitura de São Paulo, 2011).

Under the early leadership of the Centro Gaspar Garcia, ten meetings were held, including representation from the already articulated commercial association (Associação dos Comerciantes de Santa Ifigenia) (see below).<sup>34</sup> However, according to interviews with movement leaders, this group was reluctant to participate in the process.<sup>35</sup> They perceived AMOALUZ's actions in attempting to articulate changes in the project through the formal—internal to the public sector—bodies as a form of cooptation and legitimization of the Nova Luz project.

“They thought that by negotiating with the city about the project we were supporting it or working with the city. In reality, we realized that it would be good if it were ended, but we have to try to improve it [through the Municipal Management Council] in case the court cases don't go through so we aren't stuck with something really bad.” (Simone Gatti, ZEIS Councilmember, AMOALUZ; translation by Joshua Shake)

Additionally, because the management council's oversight was just directly the public housing portion of the larger Nova Luz project, they were excluded from participation in that body.

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<sup>33</sup> Interviews with Simone Gatti (07/2013) ZEIS Councilmember, AMOALUZ; Simone Gatti (10/2012) ZEIS Councilmember, AMOALUZ

<sup>34</sup> Interview with Luiz Kohara (11/2013) Director, Centro Gaspar Garcia de Direitos Humanos

<sup>35</sup> Interviews with Antonio Santana (07/2013) President, AMSI; Antonio Santana (10/2012) President, AMSI; Paulo Garcia (09/2013) ACSI President; Paulo Garcia (08/2012) ACSI President; Simone Gatti (07/2013) ZEIS Councilmember, AMOALUZ; Simone Gatti (10/2012) ZEIS Councilmember, AMOALUZ

Nonetheless, they did attempt to form their own housing group (AMSI-Associação de Moradores de Santa Ifigenia) with separate but highly connected leadership. This group's activities and positions were similar to those of the commercial association, including many of the project demands and stance towards AMOALUZ. This undoubtedly limited their engagement with the municipal council and other civil society groups, and they were not granted a seat on the council.

Following those ten meetings, the associations (AMOALUZ; Associação Comunitária de Moradores na luta por Justiça, Ocupação Mauá; UMM-União dos Movimentos de Moradia-; Movimento Estadual da População de Rua-MEPP; GARMIC-Grupo de Articulação para a Conquista da Moradia do Idoso da Capital; FLM-Frente de Luta da Moradia; Centro Gaspar Garcia de Direitos Humanos; MSTC-Movimento dos Sem Teto do Centro; ASTC-Associação dos Sem Teto do Centro; MMRC-Movimento de Moradia da Região Centro; and ULC-Unificação da Luta de Cortiços), under AMOALUZ's leadership, forwarded the only proposal to the city government in June 2011. After much debate, this proposal allowed for the formation of a council with split membership: six seats to be granted to civil society and six to the public sector. Of this, the civil society seats were further divided: four seats were to be granted to active civil society groups in the region (which would in turn represent the others without seats) and appointed by the groups themselves, without vote. One of the remaining two was destined for an area resident representing property owners and the other an area resident representing renters. According to meeting minutes and interviews with city and movement leaders, following further pressure from commercial interests, two seats were later added with the idea that commercial interests could be represented.<sup>36</sup> The final distribution included representatives,

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<sup>36</sup> Interviews with Alonzo Lopez (08/2012) Nova Luz Public Housing Project Manager, Housing Secretariat; Jacqueline Mazoni (09/2013) ZEIS Council Coordinator, Housing Secretariat; Jacqueline Mazoni (08/2012) ZEIS Council Coordinator, Housing Secretariat

among the public sector chairs from: two from the Secretaria Municipal de Habitação-Superintendência de Habitação Popular (Public Housing Department, Municipal Housing Secretariat); Secretaria Municipal de Infraestrutura Urbana (Municipal Urban Infrastructure Secretariat); Secretaria Municipal de Desenvolvimento Urbano (Urban Development Municipal Secretariat); São Paulo Urbanismo (São Paulo Urbanism); São Paulo Obras (São Paulo Public Works); Companhia Metropolitana de Habitação de São Paulo (São Paulo Metropolitan Housing Company); and the Subprefeitura da Sé (Se Subprefecture). From civil society, representatives included: AMOALUZ; Associação Comunitária de Moradores na Luta por Justiça; União dos Movimentos de Moradia; Movimento Nacional da População de Rua-MNPR; and four elected representatives, all property owners and most representing local commercial interests, because of the lack of interest among renters.

Although the management council was successfully formed (depicted in a typical meeting in Figure 17), a number of irregularities occurred during this process. The Housing Secretariat did not create the management council at the legislatively prescribed time. Additionally, since the ZEIS and management council are within the larger Nova Luz project perimeter, they were created following that project's directives and developed by the city government and project consortium—not by the management council as provided for by the decrees outlined above. At the onset, this left the council with the power to revise and not develop the urbanization plan for the area. Property owners are also guaranteed involvement in this process, but were nonetheless not included in the initial formation of the management council. Conversely, guarantees to include the population in greatest need of public housing in the area—renters—were not proposed. According to surveys conducted during project creation, within the Nova Luz project perimeter this population represents 49.5% of the residents, of

which 44.39% have incomes below three minimum wages. Within the ZEIS perimeter, these numbers swell to 72.09% and 82.07%, respectively (Prefeitura de São Paulo, 2011). However, it was difficult to involve this population:

“They [renters] make up a large portion of the residents here, but we can’t get them to participate. They don’t have seats on the council and it was difficult to get them to come out to meetings and events. They feel they don’t have much power or influence.”  
(Simone Gatti, ZEIS Councilmember, AMOALUZ; translation by Joshua Shake)



**Figure 17: Municipal Management Council Meeting (image by Joshua Shake)**

Following the council formation, tensions continued between the civil society representatives and those representing the city. According to interviews with movement leaders, many of these centered on the extent to which the council could make changes to the Nova Luz project outside of the ZEIS perimeter and make changes to the draft project already completed.<sup>37</sup> Contradicting the Master Plan and Nova Luz project directives, the draft plan was presented to the council the same time the licensing began—although the urbanization plan had not yet been approved by the council. Up to that point, the council had only approved the ZEIS 3 project directives and not debated the preliminary urbanization plan. Within the civil society groups, however, collaborative activities emerged. They held meetings before the official council meetings and collectively drafted documents, in order to be a unified front in negotiating their desired changes to the project and its plans, according to movement leaders.<sup>38</sup>

The civil society members then notified the Defensoria Publica (attorney general), which attempted a Termo de Ajuste de Conduta (TAC-Conduct adjustment terms) with the Urban Development Secretary such that the council would be able to analyze and approve the ZEIS urbanization plan before licensing began. The Secretariat, however, did not agree to the terms under the justification that the council could continue evaluating the document during the licensing period and that the council had already completed its main task in drafting the urbanization plan directives.

Despite being beset by problems from the onset, the council was successful in changing the original 11 directives (as proposed by the public sector) into 37 (See Appendix D). Among them, the following are most notable: the need to create a registry of residents and businesses as

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<sup>37</sup> Interviews with Simone Gatti (07/2013) ZEIS Councilmember, AMOALUZ; Simone Gatti (10/2012) ZEIS Councilmember, AMOALUZ  
Interviews with Simone Gatti (07/2013) ZEIS Councilmember, AMOALUZ; Simone Gatti (10/2012) ZEIS Councilmember, AMOALUZ

a guarantee of attending and understanding of the actual project demands; the creation of instruments that guarantee the permanence of the present population and local commercial activities; the revision of intervention criteria that ignored productive activities and cultural heritage in the region; the creation of housing policies beyond home ownership for residents between 0 and 3 minimum wages that do not qualify for financing; and, mechanisms that restrict the resale of public housing, such that the subsidy destined to low income housing not be destined to middle classes during short- or medium-term valorization of the area.

Because of the problems in the timeline and the public sector's continuance of the licensing process, none of these suggestions materialized in preliminary plans. Consequently, the rest of the council's meetings focused on debates and discussions of how to include them. Nonetheless, this process highlighted some of the policy problems of the larger Urban Concessions format, like the lack of definition of mechanisms to guarantee the permanence of existing residents and commercial activities.

The council was able to finally vote on the ZEIS urbanization plan on April 4, 2012, but under pressure to complete this phase of the planning process. The plan was approved, but without the participation of the civil society actors. They refused to vote because of a number of unanswered concerns including the inclusion of revisions and the lack of specific policies for the inclusion of current residents in the plan.<sup>39</sup> Although they did not vote, there was still an official quorum since enough representatives from the public sector bodies were present to allow for a vote. The Defensoria Pública do Estado de São Paulo (São Paulo Attorney General) once again intervened with *na Ação Civil Pública* (Civil Public Action). This attempted to reject the vote and re-empower the participatory process. Following a city government appeal, the Tribunal de

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<sup>39</sup> Interviews with Simone Gatti (07/2013) ZEIS Councilmember, AMOALUZ; Simone Gatti (10/2012) ZEIS Councilmember, AMOALUZ

Justiça de São Paulo (São Paulo Court) upheld the action and stayed the Nova Luz administrative process.

In the waning months of the project (in 2012), after the process was reinstated and as the public sector was attempting to complete the bid process, the civil society actors pushed for the inclusion of the above directives in the relevant bid documents. Just as the public sector viewed this as a way to ensure continuation of the Nova Luz project, civil society saw this as the only way to guarantee that all of the decisions between them and the public sector would be realized; or, at least create an institutional, political, and legal antecedent for future actions.<sup>40</sup> In the final plan, many of the civil society concerns were incorporated, but not in their entirety (See Appendix E). Nonetheless, the earlier court stay did allow for the reworking of the cadastro (registry) of residents. This instrument was not originally a part of the planning process, but provided for a guarantee of the permanence of the present residents. A critical component, the Instrução Normativa do Cadastro (Normative Registry Instructions) was not included, however. This would have strengthened the above guarantees, but did not have adequate public sector support. It would have created a Cartão de Atendimento (Service Card) to be given to each family, which would have functioned as a guarantee of an actual housing unit in the new ZEIS project, along with providing directives for attending the necessities of immigrant families—a significant population of the area. Public sector representatives argued that the specific details of the housing provision process would be elaborated in future planning steps, like the creation of the Plano de Relocação (Relocation Plan).<sup>41</sup> Civil society actors, however, alleged that this was

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<sup>40</sup> Interviews with Simone Gatti (07/2013) ZEIS Councilmember, AMOALUZ; Simone Gatti (10/2012) ZEIS Councilmember, AMOALUZ; Jacqueline Mazoni (09/2013) ZEIS Council Coordinator, Housing Secretariat; Jacqueline Mazoni (08/2012) ZEIS Council Coordinator, Housing Secretariat

<sup>41</sup> Interviews with Jacqueline Mazoni (09/2013) ZEIS Council Coordinator, Housing Secretariat; Jacqueline Mazoni (08/2012) ZEIS Council Coordinator, Housing Secretariat; Alonzo Lopez (08/2012) Nova Luz Public Housing Project Manager, Housing Secretariat



just another attempt at speeding up the bid process.<sup>42</sup> Structurally, however, it is worth noting that according to the legally defined planning process, the Relocation Plan is an integral part of the Urbanization Plan and has direct impacts on the concessions and public benefits to be defined in the bid documents.

Another major victory was with the number of public housing units to be produced within the ZEIS perimeter. The minimum percentage required by law is 50%, but this was increased to 80%, leaving 20% for market-rate housing. Based on preliminary demand studies, this percentage was also directed for families whose income is less than six minimum wages. This is also noteworthy in that it increased the amount of low income housing to be available in the central region of the city, as this region contains the highest housing deficit in the entire city, thus attempting to provide housing for both the relocation of current residents and the provision of units for others. Additionally, the council was able to preserve the Bar Leo, an identified cultural heritage site within the perimeter that was originally destined for demolition.<sup>43</sup> Attempts at similar actions for other structures outside of the ZEIS perimeter were merely considered as suggestions, since they were outside of the prescribed purview of the council.

On the surface, much of this participatory process could be seen as just appeasing the minimum legal requirements for participatory planning (through the municipal management council). Indeed, especially at the early stages, meetings seemed to be more informative than decision making. This, and the issues of when meetings were held during the planning process—after some preliminary plans were already developed—and the exclusion of relevant actors privileged technocratic rationality over collective rationality (Forester, 1989; 1993;

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<sup>42</sup> <sup>42</sup> Interviews with Simone Gatti (07/2013) ZEIS Councilmember, AMOALUZ; Simone Gatti (10/2012) ZEIS Councilmember, AMOALUZ

<sup>43</sup> Interviews with Jacqueline Mazoni (09/2013) ZEIS Council Coordinator, Housing Secretariat; Jacqueline Mazoni (08/2012) ZEIS Council Coordinator, Housing Secretariat

Flyvbjerg, 1998; Dryzek, 1990). In doing so, they privileged the market rationalities embedded within this mode of entrepreneurial urbanism. The prescribed process, with set goals and actions, along with minimal opportunities for the participatory planning process' municipal management council to make real changes to the plan raises questions regarding the "participatory nature" of the council; participatory planning bodies' activities should unfold as the process progresses, rather than have predetermined outcomes (Healey, 1993). Management council members from the community were able to affect real change, however, through their perseverance and persistence for a more democratic process, despite glaring undemocratic issues like the vote on the ZEIS urbanization plan.

### **Communication Strategies and Public Hearings**

According to the contractual agreements, the consortium team was responsible for administering the two other public information channels for the overall Nova Luz project. Specifically, they were tasked with "divulging the proposal to the various interested societal sectors, in a clear and objective format, since this is an official channel of information to guarantee the population's accompaniment of the process and participation in the creation of the plan" (Termos de Referencia). This took the form of various printed materials, a website, and an information center in the area.

In practice, this resulted in the disclosure of previously drafted preliminary plan documents, both on the website and at the information center, more than the management of a participatory process involving the community at large. The information center actually opened some time after the preliminary plans were created. It served as a display for architectural renderings and models, rather than a formal space for receiving project feedback from the

community. Of the nearly 5000 visitors, about 2316 visited the space for cultural activities. The website also only provided meeting minutes after significant community pressure, and received 723 messages throughout the project planning phases, but about 30% of those messages were from university students and researchers inquiring about various project aspects (Subproduto 7.3).



**Figure 18: Nova Luz Project Public Hearing (image by Prefeitura de São Paulo, used with permission)**

The third and final form of public interaction was a series of public hearings (depicted in Figure 18) and meetings. The urban concession Terms of Reference (included as Appendix C) defines the roles of both the consortium and the city in these types of meetings. The city

government was responsible for sending official invitations and establishment of a venue for the meetings. Whereas the consortium was responsible for all in-meeting management including completion and dissemination of meeting minutes.

Throughout the public hearing and wider public participation process, the private sector actors (consortium) and not the city are responsible for taking the lead. Also, recall from Chapter 3 that according to the national public-private partnership law, public hearings only need to be held after a preliminary plan has been completed. These two legal structures raise important questions about the legitimacy of the wider public participation process. The first public hearing was held on January 14, 2011, but was suspended by the city government before completed because of security concerns. The presentation of preliminary project plans began, but because of community frustrations and protest, it was impossible for the presentation to continue. Nonetheless, consortium documents suggest that this was a legitimate public hearing and counted towards the minimum number of hearings required, despite many legal arguments to the contrary. In total, five hearings were held during the entire duration of the planning process, split between open hearings and required public hearings in front of specific city boards in the approval process.

There were also 30 sectorial meetings held with various groups. Of these, eight were city departments or boards, seven with civil society groups indirectly connected to the region, and nine with commercial interests in the neighborhood. While some of these meetings were initiated by the consortium, many of them were held following specific groups initiative. Instead of forming a methodological participatory process of community interaction, these meetings were part of a disjointed and closed door process. For its part, the consortium concluded that “There was significant participation from diverse actors in the preparation of the Nova Luz

project” (Subproduto 7.2). In the consortium’s summary documents, most of the highlighted outcomes from all of the participatory processes are those that emerged from the ZEIS management council. Others include the creation of social facilities, including those directed at educational, health, social care, elderly, and leisure services. Finally, and most notable, were changes to the possible means of project completion participation by current property owners during the implementation phases. The format still restricts their participation to following the plan’s guidelines for their property; that the specifics of this format emerged from discussions and were not part of the original structure further underscores the extent to which Nova Luz is an example of privatized urban planning.

### **Extra-formal Participation and the End of the Project**

At the same time that the above activities were occurring in the formal participation frameworks—the ZEIS management council and public hearings and meetings—another form of participation, that I call extra-formal participation, was occurring primarily under the direction of the Associação dos Comerciantes de Santa Ifigenia (ACSI-Santa Ifigenia Commercial Association). This group formed in 2005 in direct opposition to the Nova Luz project. They viewed AMOALUZs actions as a de facto acceptance of the project and took the position that the project should be ended.<sup>44</sup> That is, rather than negotiate possible improvements in the project should it go forward, it should be declared unconstitutional through court actions. They argued that the provisions of the urban concessions law, allowing for the private sector completion of the project, were an illegal taking of private property for another private use.<sup>45</sup> They also

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<sup>44</sup> Interviews with Antonio Santana (07/2013) President, AMSI; Antonio Santana (10/2012) President, AMSI; Paulo Garcia (09/2013) ACSI President; Paulo Garcia (08/2012) ACSI President

<sup>45</sup> Interviews with Antonio Santana (07/2013) President, AMSI; Antonio Santana (10/2012) President, AMSI; Paulo Garcia (09/2013) ACSI President; Paulo Garcia (08/2012) ACSI President

stressed the lack of guarantees for maintaining current businesses in the redevelopment project. Additionally, many of their arguments centered on the perceived dubious nature from which the project emerged, citing that: the law was originally drafted by SECOVI (the real estate development association); the councilmembers, including the law's sponsor, all received money from real estate interests; most of those councilmembers and the mayor were being investigated for impropriety; the law passed the legality and constitutionality commission of the city council by a 5-4 vote, and all those that voted in favor received campaign money from real estate interests; and the emergence of the term “crackolandia” as propaganda to garner support for the redevelopment project.<sup>46</sup>

“They created this term—crackolandia—to stigmatize this area. You never heard it before, and now it is all over the media...And what they're doing is unconstitutional. We can't negotiate with it, it isn't right. We have to stop it.” (Paulo Garcia, ACSI President; translation by Joshua Shake)

In April of 2011, they were successful in suspending the project through an “ação direta de inconstitucionalidade (ADIN-direct unconstitutionality action). Other commercial associations, including the Sindicato do Comércio Varejista de Material Elétrico e Aparelhos Eletrodomésticos no Estado de São Paulo (São Paulo State Electric and Electrodomeestic Appliances Commercial Association) supported this action. They argued that the Nova Luz project would also result in widespread layoffs due to the removal of the neighborhood's

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<sup>46</sup> Interviews with Antonio Santana (07/2013) President, AMSI; Antonio Santana (10/2012) President, AMSI; Paulo Garcia (09/2013) ACSI President; Paulo Garcia (08/2012) ACSI President

commercial activities.<sup>47</sup> Days after, however, the suspension itself was stayed, starting a legal back-and-forth of appeals that would continue through late 2012. The suspension was reactivated and then stayed once again by the Tribunal de Justiça (courts) in February/March 2012, as the project leaders were awaiting the approval of the impact study—the last step before bidding the project completion phase. This decision also was said to prevent any further suspensions until those up to this point reached final resolution. However, in June, the third suspension was granted, this time in the 6a Vara da Fazenda Publica de São Paulo (6<sup>th</sup> Branch of the São Paulo Internal Revenue Service) through an ação civil publica (civil public action) started in May 2012 by the Defensoria Publica (attorney general). Despite the previous decision barring future suspensions, the city government still had to appeal this final suspension proving that the previous decision had occurred.

After successfully registering that appeal, the city government was able to continue the process of internal approvals, completing it in October of 2012. This, however proved to be too late for the Kassab administration to bid the project implementation phase; the requests for proposals had not reached formal draft form and still had to be open for a determined amount of time—meaning that contracts could not be signed by the end of the elected term in December 2012. In Brazil, elections are also held in October and Kassab was not able to run for reelection. Seeing an opportunity, ACSI, with support from other civil society actors, drafted an agreement regarding the mayoral candidates' stances on the Nova Luz project.<sup>48</sup> Three of the four frontrunners and all but one of the other candidates signed the agreement, which stated that the candidate, if elected, would “suspend and revise the Nova Luz project, along with alter it in

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<sup>47</sup> Interviews with Antonio Santana (07/2013) President, AMSI; Antonio Santana (10/2012) President, AMSI; Paulo Garcia (09/2013) ACSI President; Paulo Garcia (08/2012) ACSI President

<sup>48</sup> Interviews with Paulo Garcia (09/2013) ACSI President; Paulo Garcia (08/2012) ACSI President

consideration of the needs of the population that lives and works in the region.” The only major candidate to not sign was Jose Serra (PSDB), who had given birth to the Nova Luz project during his uncompleted term as mayor in 2005-2006. Since no candidate received a minimum of 50% of all votes in the first round elections, Serra and Fernando Haddad (PT) completed a second round runoff. Haddad was elected with 55.57% of votes (3,387,720) to Serra’s 44.43% (2,708,768). At the district level, Haddad won in Santa Ifigenia, with 50.98% (27,809) to Serra’s 49.02% (27,809), reversing the result of the first round (27.13% Haddad to 36.09% for Serra). This also meant that the Santa Ifigenia district was the only one in the central region in which Haddad won—a result the community groups attribute to their mobilizations in his support leading up to the final election.

Another court suspension in January 2013 (in the 6a Vara da Fazenda Publica) determined that the city government make alterations to the project, and consider the project’s congruence with the Master Plan and other relevant city regulations. The attorney general, which had drafted the action that resulted in the decision, further elaborated that the city government should have completed the registry of residents and that the ZEIS management council did not follow all of the legal requirements dealing with its operations. The judge who handed down the decision stated: “the present situation is one of constant disrespect on the part of the city government for the constitutional and legal necessities of public participation” (G1 São Paulo).





**Figure 19: Meeting Between Community and City Groups (image by Camila de Oliveira, used with permission)**

Even before taking office, Haddad expressed concerns and that he did not want to continue the project as it was conceived, but rather still take advantage of some of its physical components. Members of his incoming administration, including the Urban Development Secretary, met with civil society actors involved with the ZEIS council still in December. Then, shortly after taking office in January, the Haddad administration announced that the project was “technically unviable” due to the costs involved. It expressed interest in pursuing other types of public-private partnerships to revitalize the area. In February, a second meeting was held between AMOALUZ, FLM, MSTC, and representatives from the Urban Development Secretariat (shown in Figure 19). At it, it was confirmed that the Nova Luz project was canceled and that government actions in the region would be through the ZEIS, in that it already had an

active management council with proposals.<sup>49</sup> City officials stressed that instead of focusing just on housing, these approaches would be more comprehensive and address historic preservation, mobility, and public health and safety; the Urban Development Secretariat would also assume administrative responsibilities for this ZEIS, along with the Housing Secretariat. The coordination for the public participation department also stressed that the activities of the ZEIS management council resume. Over a year later, however, this has not occurred.<sup>50</sup> And community leaders began to realize that the Santa Ifigenia/Luz area may not be a priority:

“It worked out for us. They did make some improvements. The streets are a little better and they upgraded all of the fiber optic cables in the neighborhood, so the internet is a lot faster. But, now there is not project for here. The city isn’t doing anything here but there are still a lot of problems to be fixed. Perhaps bad attention is better than no attention...”  
(Paulo Garcia, ACSI President; translation by Joshua Shake)

## **Maua Occupation**

Another, smaller scale, form of extra-formal participation occurred in the Nova Luz process. Within the project perimeter, Ocupação Maua (Maua Occupation) has received significant local and international attention for its internal community-based regulations system and maintenance and cleaning collaborative efforts (see Figure 20). In 2003, the first occupation of the old and abandoned Hotel Santos Dumont occurred, under the leadership of the MSTC.

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<sup>49</sup> Interviews with Jacqueline Mazoni (09/2013) ZEIS Council Coordinator, Housing Secretariat; Jacqueline Mazoni (08/2012) ZEIS Council Coordinator, Housing Secretariat; Teresa Herling (04/2013) Adjunct Secretary, Urban Development Secretariat; Teresa Herling (09/2013) Adjunct Secretary, Urban Development Secretariat

<sup>50</sup> Interviews with Jacqueline Mazoni (09/2013) ZEIS Council Coordinator, Housing Secretariat; Jacqueline Mazoni (08/2012) ZEIS Council Coordinator, Housing Secretariat; Teresa Herling (04/2013) Adjunct Secretary, Urban Development Secretariat; Teresa Herling (09/2013) Adjunct Secretary, Urban Development Secretariat

Just 35 days later, the first police-led removal occurred. Four years later, in 2007, the second occupation occurred. At this point, the building had been abandoned for twenty years. This second occupation was led by the MSTC and two other organizations: Movimento de Moradia da Região Centro (MMRC) and the Associação Sem-Teto da Cidade de São Paulo (ASTCSP). A few hours following this second occupation, a police report was filed but no other actions occurred. At the time, the six story building was home to 237 families and represented on the ZEIS management council.



**Figure 20: Before and After Photos of Resident Improvements at Maua Occupation (image by Projeto Maua 340, used with permission)**

According to planning documents, the Nova Luz project defined the site of the Maua Occupation as an area destined for entertainment uses, meaning the building was to be

demolished. Through actions in the ZEIS council in 2011, the members were able to explicitly remove the building from the Nova Luz project—the only building to not be considered by the plans.<sup>51</sup> Instead of being included in the project plans, project leaders decided that the residents could remain and the building remodeled and designated as public housing. The Housing Secretariat also expressed interest in providing support for the necessary building reforms.

Shortly thereafter, the absent property owner entered with another de-occupation order, despite owing the city R\$2.65 million in back taxes. Occupation leaders assumed this sudden interest resulted from the fact that the building would no longer be demolished in the Nova Luz plans and he served to profit—despite the back taxes—should the area be redeveloped.<sup>52</sup> This action was taken to court just one week before the occupation would have completed five years, a period in which the constitutional mechanism of “usucapião” (automatic control after occupation) could take place and increase the chances of the residents obtaining the rights to the building. Their intention was to demolish the building and transform the site into a 160 unit mixed use complex, with ground floor commercial activities for “sem-teto” residents and had even raised funds for a feasibility study.

Following the effective end of the Nova Luz project, Housing Secretariat officials expressed concern about the future of the project.<sup>53</sup> Although the residents were able to delay the de-occupation orders until 2012 and again through 2013, officials stressed that they were without a project in city processing:

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<sup>51</sup> Interviews with Jacqueline Mazoni (09/2013) ZEIS Council Coordinator, Housing Secretariat; Jacqueline Mazoni (08/2012) ZEIS Council Coordinator, Housing Secretariat; Nelson Souza (03/2014) Community Leader, ZEIS Councilmember, MSTC (Maua Occupation); Roberto Mallo (03/2014) Community Leader, MSTC (Maua Occupation)

<sup>52</sup> Interviews with Nelson Souza (03/2014) Community Leader, ZEIS Councilmember, MSTC (Maua Occupation); Roberto Mallo (03/2014) Community Leader, MSTC (Maua Occupation)

<sup>53</sup> Interviews with Jacqueline Mazoni (09/2013) ZEIS Council Coordinator, Housing Secretariat; Jacqueline Mazoni (08/2012) ZEIS Council Coordinator, Housing Secretariat

“They see it as a victory but I don’t know...before they had a project and were included in a plan; now they don’t have anything and have to restart at the beginning.” (Jacqueline Mazoni, ZEIS Council Coordinator, Housing Secretariat; translation by Joshua Shake)

This is highlighted by the fact that despite receiving some recognition from the Housing Department, in the Brazilian legal system this was not enough to prevent the filing of the de-occupation orders at the onset, but did nonetheless aid in the granting of the delays.

One of the early actions of the new mayoral administration (PT, discussed in detail in the next section and in Chapter 1) was a series of meetings with “sem-teto” housing movements just seven days into the term in 2013. In July of that same year, the new mayor Haddad published a decree declaring the Occupation site as a social interest area—the first step in the series of actions necessary to transform the site into public housing according to interviews with housing movement leaders.<sup>54</sup> Yet, in November, another court decision occurred reversing the previous delays—this against the wishes of some government agencies (Se Subprefecture, attorney general, and the Conselho Tutelar-child protective services) and without notifying the residents—and setting the date for April 2014. Fortunately, just a few weeks before, in March, the city government formalized the purchase plans for the site delaying the process once more. Later, at the end of April, the city government made the initial deposit for taking possession of the building, seemingly ending the uncertainties. Nonetheless, the property owner can still appeal this action.<sup>55</sup>

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<sup>54</sup> Interviews with Nelson Souza (03/2014) Community Leader, ZEIS Councilmember, MSTC (Maua Occupation); Roberto Mallo (03/2014) Community Leader, MSTC (Maua Occupation)

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## Conclusions

Democratic forms of governance emerged at about the same historical moment as entrepreneurial forms of governance in Brazil. That is, in the 1980s and 1990s as Brazil was in the process of redemocratization. We saw the entrepreneurial shift occurred due to hyperinflation, other economic issues, and the desire to decentralize the central military government's rule. On the other hand, the various forms of participatory governance emerged from the growth of social movements calling for direct elections and the end of the dictatorship. With the passage of the new constitution and subsequent laws and regulations, these institutions became structural components within the new democracy. Yet, these two governance strategies—although both present—evolved on different paths and only recently were brought back together. This, however, occurred almost by happenstance, due to the overlapping regulatory frameworks for Nova Luz. Recall that the redevelopment mechanisms were developed specifically for this project, and should the project area not have had public housing zoning (ZEIS), this entire story could have been very different. It was the existence of this zoning that required the management council.

In this case, participatory governance and the institutions and actors that make it up are still immature. This example in São Paulo was the first time a project specific municipal council was used in all of Brazil, and the most active civil society groups actually just formed in opposition to the project—rather than being longstanding community based associations as seen in other arenas. Contrary to other research, the civil society actors that were most active were not explicitly those that were most politically connected but rather those that were most visible. Yet, an aversion to this possibility was indeed present in the dynamics between AMOALUZ and ACSI. ACSI perceived that AMOALUZ's engagement with the municipal council was

legitimizing the project. Rather, it was the only possible way to minimize the possible impacts of the project and effectively renegotiate some of its components. As Pupo and Bueno (2012) point out, policy processes outside of the participatory council can have significant impacts on those within it, even undermining them in some cases.

Additionally, the specific types of participation engagement in this example differ from those observed in other contexts. Tatagiba (2011) noted that in other participatory bodies, the political orientation of the party in power dictates the type of participation that occurs: in left leaning governments, civil society actors tend to participate directly while in right leaning governments they tend to be more confrontational. In this case, the dynamics between ACSI and AMOALUZ provide a different conclusion. The two groups were able to work able to cooperate to some extent following the initial disagreements, but both took different approaches throughout the process. AMOALUZ and other civil society groups saw their best means of engagement as through the ZEIS council while ACSI's interactions with the state were less direct. In this sense, these groups simultaneously participated both collaboratively—through the project council—and combatively—through court actions barring the project and the accord signed by the mayoral candidates.

This dynamic also occurred in part due to the structure of the ZEIS council, which only dealt with housing issues and those issues within the 11 blocks under this designation. Although they were able to provide some feedback to the wider Nova Luz project area, most remained as suggestions rather than changes in policy. Other interested and active parties—like ACSI—were effectively excluded from the only formalized participatory body. The project wide municipal council was not formed since legislatively that was only required to occur once the project was in the implementation phase. This complicates the intent of the council(s) and is confounded by

often strained relations between the city government and civil society actors in the ZEIS council; others have noted that the inclusion of civil society actors—rather than the extent of their participation—serves as the legitimizer of the process (Pupo and Bueno, 2012). At least in the eyes of some public sector and consortium employees, this may be true in this case as well. Likewise, the private sector consortium organized and directed many of the public meetings, further delegitimizing the process. Similarly, many of the sectorial meetings occurred not by their initiative, but through that of the civil society actors themselves. A public participation process directed by private sector planners raises many issues regarding the larger trend of privatizing urban planning and indeed undermines the legitimacy of the process. Public processes should be led by the public sector, which serves as a neutral body between private actors and the public at large. However, by ceding the meeting management power to the private sector, the public sector was effectively privileging the entrepreneurial urbanism private market based rationality over the collective, public, and participatory rationality for shaping urban space. This also created a situation of uneven power, with more given to the private sector development consortium, at least in the view of the community.

Returning to the collaborative and combative forms of civil society engagement, it was indeed the combination of both activities that ensured the project in its prescribed form did not continue. All of the groups initially viewed this as a victory, as well. However, to date no concrete activities or plans have taken place in the neighborhood. And, the civil society and council momenta that were championed have all but disappeared. The council has been disbanded, there are no interactions between or within the various civil society groups, and many of their websites have either expired or not been updated since the end of the project. In follow-up interviews, both city officials and civil society leaders expressed concern that this was

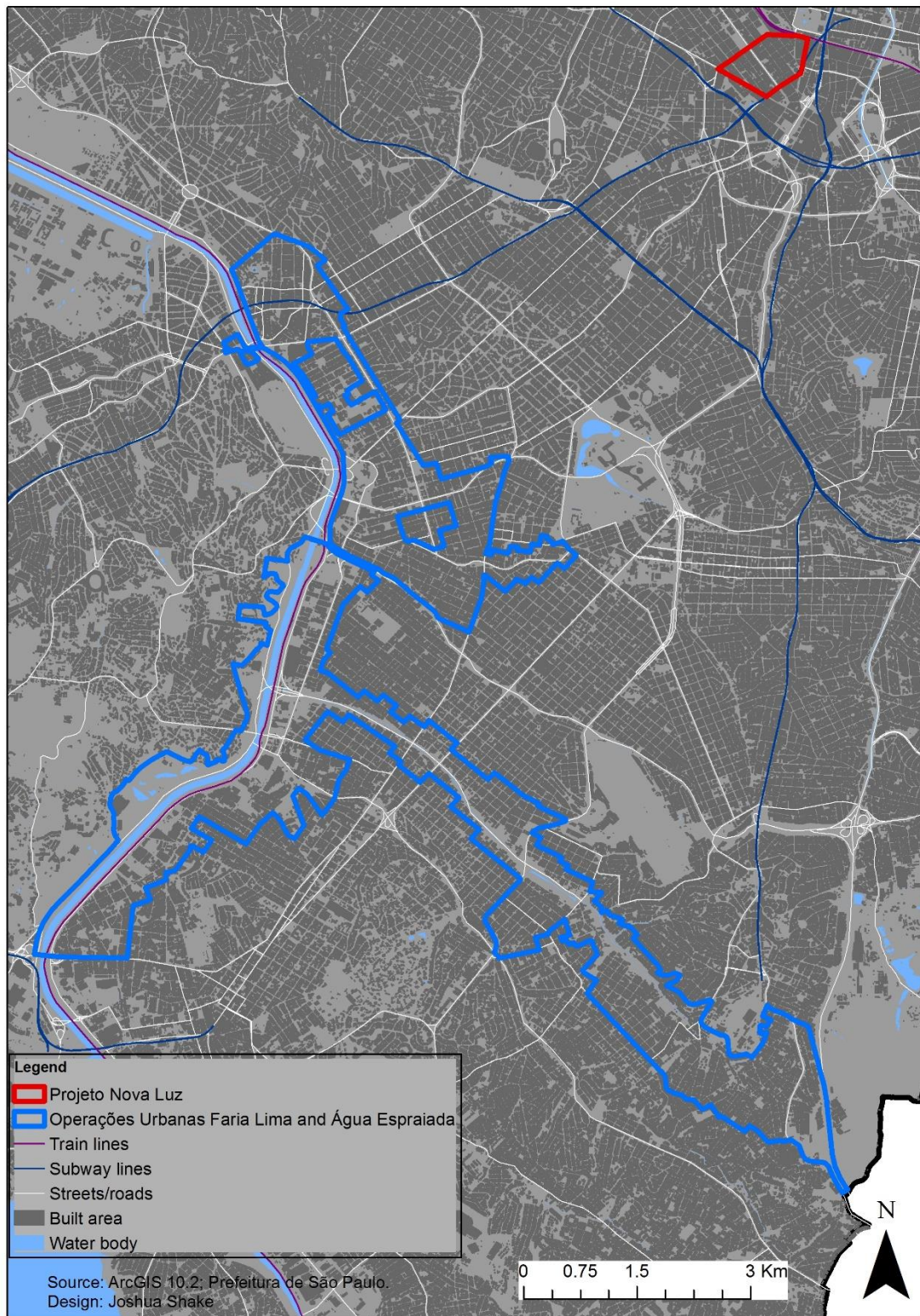


happening. Civil society leaders were beginning to retrospectively observe that some attention is better than no attention. That is, despite the problems with Nova Luz, the Santa Ifigenia region was at least the subject of debate and planning processes—which have all but disappeared today. Consequently, the community groups won the battle against Nova Luz, but in doing and without realizing at the time, also lost the war for public action and necessary improvements to their neighborhood in the near future.

## **CHAPTER V**

### **Intramunicipal Competition: Real Estate Interest and Public Participation across Coexisting Redevelopment Projects**

Cities are assemblages, comprised of various policies, projects, and plans which together form the coherent body of the metropolis (McCann and Ward, 2011). However, in many urban contexts, projects and plans are completed in various parts of the city, without due consideration to how they fit together in urban space, contribute to each other's' development, or may help or hinder the full completion of each specific project. In São Paulo, different redevelopment project attempts have been taking place in different parts of the city at the same time, but with very different sets of policy instruments to influence their completion. While the Nova Luz project plans were being developed, two other redevelopment projects, in adjacent districts of the city some 12 kilometers from the old center and Nova Luz, were nearing completion (see Figure 21). The Faria Lima and Agua Espraiada Urban Operations employed very different redevelopment tools and differed starkly in their levels of public participation from Nova Luz. These differences, however, provided for their greater successful completion while at the same time competing for real estate development attention with Nova Luz. I refer to this phenomenon as “intramunicipal competition” and argue that the varying ways in which public and private interests came together across the different projects was an influential factor in Nova Luz's demise.



**Figure 21: Locations of Luz, Faria Lima, and Água Espreiada Redevelopment Areas in São Paulo (depiction by Joshua Shake)**

## **Interurban Competition, Intraurban Competition and Intramunicipal Competition**

The issue of interurban competition between cities or regions in economic development is well known (McCann, 2004; Kirkpatrick and Smith, 2011; Gordon, 1999). Interurban competition occurs as cities and regions use varying policies, promotions, incentives and other features to attract development. Different cities offer different packages, and thus competition occurs between them as they seek growth. Macro level economic change, like the end of the cold war, can force cities to compete with each other for development (Korcelli-Olejniczak, 2007). More commonly, interurban competition occurs at a local level between neighboring municipalities. Community redevelopment agencies often compete over sales-tax generating big box retailers and car dealerships through grants, tax rebates, and land discounts (Kirkpatrick and Smith, 2011). Beyond attraction strategies, private sector actors can also force cities to compete, as in the case of airline manipulation for airport development (Nunn et al, 1996). Likewise, local growth coalitions can play a significant role in competing for downtown redevelopment projects (Leibovitz and Salmon, 1999). Intersections between infrastructure policies and economic development create the interjurisdictional environment for cooperation and competition in seeking development (Nunn, 1995). For Ward (2003), however, “nation states have codified the inter-urban competition endemic in contemporary capitalism, building upon and reinforcing, rather than ameliorating, uneven economic development. Cities have thus been placed squarely in the front line of delivering national competitiveness” (Ward, 2003, 199).

Different development trends also create different means of competition. discusses the role of cities focusing on arts consumption in employing culture-led redevelopment strategies has been a central means of competition in recent years (Mathews, 2014). McCann (2004) argues Billings of cities as best places has created a new promotional form of competition for attracting

firms and workers at a global scale (McCann, 2004). Similarly, fairs and exhibitions also play significant roles in city promotion and the forms of competition cities engage in to attract those events (Rubalcaba-Bermejo and Cuadrado-Roura, 1995).

Globalization has also affected the ways in which cities compete for development. The growth of multinationals, rapid information exchange, and the liberalization of trade and capital flows have increased the fields in which cities compete and the likelihood that they compete across international borders (Gordon, 1999). For financial centers, competition is played out through the geographical dynamics of financial production and transactions (Lee and Schmidt-Marwede, 1993). Alternatively, Swyngedouw and Baeten (2001) argue that in the increased interurban competition from globalization, local factors and local embeddedness, like growth coalitions, play a more important role in achieving and preserving a city's status. Additionally, the restructuring of Europe and the emergence of a European system of cities also serve as examples of new regionalisms under which competition for multinational firms occur (Rozenblat and Pumain, 1993).

Similarly, intraurban competition has received attention in the literature. Most often, it refers to dynamics within an urban region, but the use of this term has not been restricted to such cases. Like some of the above authors, Boudreau et al (2006) observed that in regional governance, the new rules of globalization and neoliberal governance have changed the framing of local urban struggles. Guarneros-Meza (2008) have noted the rise of intraurban competition to attract new industrial sectors and expand service sector in Mexico since the 1980s. Megaprojects are also an important feature of intraurban competition. However, biased discourses can naturalize the process of competition and legitimize relaxation of planning process for megaprojects (Farhat, 2014; Fainstein, 2008). Like megaprojects, postindustrial

cities and city regions are also competing for mega events in the hopes that they, along with cultural clustering, can aid in the redevelopment of large spaces of land (Gospodini, 2006). Once a city-region attains a mega event, there can also be significant concerns about competition between the event subsites, as Davidson and McNeill (2012) observed in the case of the Sydney Olympic games.

Different city and region-level groups can also promote intraurban competition. For example, business organizations often push for a favorable business climate, port improvements capital works projects in the context of competition (Marquis, 2009). Likewise, intersections of intra and interurban competition and BID delivery strategies where inter and intraurban competition, along with state restructuring and loose governance, have been thought to produce challenges to accountability, sustainability, and equality (Lewis, 2010). In Shanghai, district level urban plans used to promote grand vision of government and encourage investment (Wu, 2000).

Other features and dynamics have also been observed in attempting to find an advantage in intraurban competition. For example, urban design in the Seoul metro region has been used as a distinctive feature (Kriznik, 2013). Similarly, Pløger (1995) has proposed that the aestheticized urban landscape is a key factor both national and international competition. However, when intraurban competition occurs at a neighborhood level, the scarcity of funds and uneven levels of organization and political influence mean some neighborhoods win while others lose (Stegman, 1979). In these instances, intra-urban and intra-municipal race, class, socioeconomic conflicts have increased through government connected place-based elites in a metro region (Vojnovic, 2003).

On the other hand, both of the above forms of economic development competition often overlook dynamics that may happen within a specific city. Additionally, their use has been too interchangeable and imprecise to account for the specific peculiarities that can happen within one local governmental jurisdiction. By this, I refer to intramunicipal competition. A related concept, intracity competition, has been noted for some economic sectors within a city—most notably newspapers and media (for example: Daniel, 2011; Kiernan and Levy, 1999; Lacy, 1987; Lacy et al, 2001; Stephen and Hugh, 2004)—but has not been used in reference to municipal government economic development policies. Recently, the idea of intramunicipal competition has been used in discussing school voucher systems within specific school districts (Sandström and Bergström, 2005). It was used in passing, however, over forty years ago in discussing the role of local industrial development corporations and the spread effect in regional development (Hale, 1967; citing Bridges, 1965a, 1965b).

In his comparison of the centralities of São Paulo, Frugoli (2000) did observe that competition was another factor at play between them: new “subcenters maintain certain relationships of complementarity with the central core, but more often compete economically with the traditional center” (Frugoli, 2000, 26). Frugoli (2000), however, leaves his discussion of economic structures there, turning to a detailed and valuable comparison of the social networks at play shaping the old downtown, Avenida Paulista, and Berrini-Faria Lima centralities, along with an examination of the resultant socio-spatial outcomes in each. Nevertheless, economic competition between the centralities, and more precisely the competition of urban economic development (and redevelopment) policies between them is of great interest. In the sections that follow, I introduce in greater detail another redevelopment policy mechanism in use in São Paulo and discuss two of its most arguably successful outcomes, along with the

participatory dynamics in each. These projects also helped to cement the new centrality in São Paulo at the turn of the 21<sup>st</sup> century along the Berrini-Faria Lima corridor in the southwest region of the city.

## **Urban Operations**

Before the Nova Luz project and its new redevelopment tool of urban concessions, São Paulo had already been using other instruments for large redevelopment projects. In the 1980s, the national economic crisis and difficulties in implementing the first urban plans of the 1970s forced the public sector to seek out new alternatives. As a result, the new Master Plan, drafted during the Mario Covas administration (1983-1985) proposed the first use of public-private partnerships with the intent of minimizing public expenditures (Cusce Nobre, no date). They took the form of a new planning instrument, the Operação Urbana (Urban Operation) which sought to stimulate the production of public housing, infrastructure, and public facilities in a number of central (Campo de Marte, Centro, Santo Amaro, Pinheiros, and Barra Funda) and periphery (São Miguel, São Matheus, Vila Matilde, Vila Maria, Vila Nova Cachoeirinha, Paraisópolis and Campo Limpo) neighborhoods (Cuse Nobre, no date). The next mayor, Janio Quadros (1986-1988) abandoned those plans, and shifted emphasis to a new instrument—the Operação Interligada (Interconnected Operation). These allowed the private sector to donate a certain number of public housing units to the city in exchange for increases in the permitted land use and building size. Both of these instruments were included in the Master Plan created in 1988. From 1988 to 1996, the Operações Interligadas resulted in 115 proposals, US\$ 58,282,450 in exchanges, and 466,000 square meters in additional construction, with most of the proposals



occurring in higher income areas (Wilderode, 1997). In 1988, this mechanism was suspended and later declared unconstitutional for being in violation of the zoning law.

The following administration, Luiza Erundina (1989-1992), reversed the stance on Operações Urbanas, creating the Operação Urbana Vale do Anhangabaú (Anhangabau Valley Urban Operation) for part of the old downtown region in 1991. Along with this, the city government explored the use of *otogora onerosa do direito de construir* (a fee paid in exchange for building above the maximum floor-to-area ratio for a specific lot). The law provided for up to 150,000 square meters of additional construction through *otogora onerosa*, however after three years only seven proposals (using 13% of the potential) reached the city government (Cusce Nobre, no date). Continuing the trend of reversing previous administrations plans, the Paulo Maluf (1993-1996) administration shelved those of Erundina. This administration and the one to follow (Celso Pitta, 1997-2000) emphasized the Operação Urbana Faria Lima (Faria Lima Urban Operation), created in 1995. In a wealthier region of the city, this project focused on the construction of a number of highway and road construction interventions in the area (Cusce Nobre, no date). Instead of using one of the other development instruments, this administration created the *Certificados de Potencial Adicional Construtivo* (CEPACs-Potential Additional Construction Certificates). The private sector did take great interest in this project, however through 2000 the city government had received R\$116,000,000 in profits, compared to R\$150,000,000 in project expenditures (Cusce Nobre, no date). Cusce Nobre further notes that the city government did not consider the social impacts of this instrument and did not invest sufficiently in the creation of public housing in the area. Operações Urbanas tend to be more successful in areas with a greater real estate market interest; the Operação Urbana Centro has

resulted in very few proposals while the Faria Lima resulted in 102 in just the first five years (Cusce Nobre, no date).

In 2001, the Estatuto da Cidade Law 10.257/2001 (City Statute) was passed, creating a unified set of federal urban planning enabling legislation. Many of the urban planning instruments first employed in São Paulo became incorporated and legitimized by it, including the Operação Urbana (Urban Operation) (Cusce Nobre, no date). Urban operations, according to their proponents, represent an important advance in Brazilian urban planning: 1) they make large urban projects viable despite budgetary restrictions and allow for congruencies between densification and infrastructural capacities in defined perimeters; 2) they allow for those benefiting from a project to pay its costs, freeing up public funding for other priority projects; 3) they make it possible for the public sector to recoup part of the valorization that comes from public investments, such that it does not just remain in the hands of real estate interests (Fix, 2004, 2).

The Urban Operations of today have their origins in the Operações Interligadas. These allowed for the purchase of zoning exemptions, such as increasing building heights or densities and uses not normally permitted in the zoning through the payment of fees. The money for these fees arguably came from the additional profits obtained from the exemptions. These negotiations occurred for each lot through the submission of requests to the Comissão Normativa de Legislação Urbana (Normative Commission of Urban Legislation) which was part of the Secretaria Municipal de Planejamento (Municipal Planning Secretariat). The profits would then be applied to the Fundo Municipal de Habitação (Municipal Housing Fund) for the construction of public housing units. Although this instrument was criticized for not adequately accounting for infrastructural needs, that interconnection between private development and public housing

allowed it to pass (Fix, 2004). Most of these Operations were in areas, like the southwest, with higher real estate market interest; this, however, this increased transportation infrastructure demand and shifted larger amounts of spending on costly transportation projects (Fix, 2004). Thus, she argues, the instrument indirectly favored spending for real estate and infrastructure interests and projects, undermining the social justifications under which it passed (ibid). This mechanism also did not result in widespread redevelopment efforts; rather, since it operated on a lot-by-lot basis, it provided for isolated investments and multiple types of exemptions to zoning, but increased the number of non-conforming uses and buildings (ibid). It was these problems that eventually led to the unconstitutionality decision that prevented their further use.

As an alternative, the Urban Operations provided for the definition of project area perimeters where the incentives would be applied uniformly. Additionally, the profits obtained by the public sector in the sale of exemptions would be applied for infrastructure and service projects in the region where they were obtained. Proponents of this method argued that this structure would allow the Operations to be self-financed by those who would benefit from them (i.e. the middle class) and prioritize certain projects over others (Fix, 2004). Fix (2004), goes on to explain some of the problems with this model, however: these Operations are reliant on the private sector real estate interest to be successful in generating profits for the city and thus must be concentrated in already privileged areas of the city. The city government must also often build anchor projects to stimulate private sector interest and show its commitment. Thus, if successful, the government shares in the profits emerging from the area's valorization; but, the government loses money on its investment should the ideal valorization not occur (Fix, 2004, 3). In this model, even when profits are made, they only are recouped in the medium to long term and prioritize spending on non-citywide priority projects (according to Fix (2004), spending on

road infrastructure over addressing housing issues). Upon incorporation in the City Statute, Urban Operations must also follow this model whereby funds obtained from the sale of exemptions must be applied exclusively to projects in the areas in which they are obtained. Fix (2004) argues that, therefore, this policy instrument is contradictory to the goals of income redistribution policies, democratizing the access to land, and favor reinvestment in already privileged areas. Marques (2003) however, found that infrastructure spending in São Paulo favored certain regions in the 1990s but was not completely restricted to them as some spending did indeed occur in peripheral (and poorer) regions of the city.

Urban Operations first appeared in the Covas Master Plan (1983-1984). This first iteration proposed numerous project areas throughout the city “in determined points, with little defined shapes” for a series of public-private partnership based interventions (Fix, 2004, 4). Even at this time, they were met with criticism, accused of being “utopic, absurd, and statist” in that they did not provide for enough private sector participation (ibid). In 1987, the architect Júlio Neves proposed a project for the Avenida Faria Lima region of the city. His proposal for urban renewal involved state takings (eminent domain) of large areas, bulldozing and rebuilding entire blocks “in Hausmannian or Avenida Rio Branco (Rio de Janeiro) style;” to accomplish this, public-private redevelopment partnerships in the North American or European style were proposed (ibid). This project format was taken up again in the following administration’s Master Plan, proposing Urban Operations to “increase the benefits of the Operações Interligadas” through the “combined public and private sector action to improve urbanization standards” (ibid).

The Erundina administration (1989-1992) proposed five Urban Operations, including: Anhangabaú, Água Espraiada, Água Branca, Faria Lima-Berrini and Paraisópolis. Only one,

Anhangabaú, was implemented in 1991. This project was not successful, however, as it did not attract sufficient private sector interest. At the time, the Secretaria Municipal de Planejamento Urbano (Sempla-Municipal Urban Planning Secretariat) began to recognize the problems with it and started exploring projects in the Água Espraiada and Faria Lima-Berrini areas, seeing them as better possibilities since they already were real estate interests in them (Fix, 2004). The following administration, Maluf (1993-1996) passed the Operação Água Espraiada and completed construction on the avenue of the same name as the anchor project before the project passed (1995-1996). The Faria Lima project, following some of Neves' directives, was approved in 1995. Finally, the Anhangabaú project was revisited and its perimeters changed, passing in 1997 under the new name of Operação Centro. Two of these projects, Faria Lima and Agua Espraiada, will be explored in greater detail below. Together, they served to cement the transition to a new centrality (away from the old downtown and Avenida Paulista) in the city and were reaching their full potential just as the Nova Luz project was being attempted (see Figure 22 for an example of this new area).



**Figure 22: New Business Office Tower Complex along Pinheiros River, Constructed Through Urban Operations (image by Wikimedia Commons, Creative Commons License)**

## **Faria Lima**

The extension of this avenue in the southwest was originally proposed by real estate interests and became one of the most important municipal projects during the Maluf administration. The Operação Urbana allows property owners to obtain the right to construct up to four times the lot area. Additionally, the city government provided other incentives, especially for large developments, including granting of additional development rights on reassembled conjoined lots and concessions for land use changes on lots greater than 1000 square meters (Fix, 2004). Initially, the area's middle class residents in the neighborhoods of Pinheiros and Vila Olympia mobilized in neighborhood associations to preserve their "quality of life." This, as the project proposed changing the character of the neighborhoods from small

conjoined houses to office towers, hotels, flats, and shopping centers through the use of eminent domain.

The plan was approved, however, passing unanimously in the city council in 1995 (Fix, 2004). The residents were able to reduce the number of takings and restrict the maximum building heights in a few parts of the project area (ibid). Between 1995 and 2000, marked changes had already occurred in the neighborhood's uses and population; the low-density middle class neighborhood was being substituted for one comprised of tall office towers (Fix, 2004). At that time, the amount of constructed space of office towers had grown 23.4%, horizontal commercial and services 14%, luxury residential towers 12.8%, and semi-luxurious residential towers 11.3%; on the other hand, semi-luxurious horizontal residential development decreased 25.9% of constructed land uses (Fix, 2004). Fix (2004) also notes that the incentivized lot reassembling resulted in the concentration of land uses and ownership. Together, these initiatives allowed the Faria Lima region to surpass Avenida Paulista with the most expensive high-end office rents in the city (ibid).

Inside the project area, the public sector spent US\$150 million (R\$476 million in 2004) with projects and eminent domain proceedings (Fix, 2004). The public sector also completed a number of projects surrounding it, in order to make it more viable. These include the Ayrton Senna tunnel complex that passes under Avenida Faria Lima, a new tunnel under the Pinheiros River, and a new bridge (Eugenio Goldfarb) over it. Estimates made in 2004 place the value of these projects at over R\$2 billion (Fix, 2004). Thus, the total project costs greatly exceed those obtained through profits from development right purchases. Even subsequent mayoral administrations (Suplicy, 2001-2004) viewed the project as a success, stressing the money entering city coffers but ignoring all of the necessary costs to make this valorization happen (Fix,

2004). Additionally, she points out that the project caused negative impacts for the existing population and the approval of similar developments outside of the project area (and thus, outside of the area in which funds could be spent) over-expended the infrastructure of the region (Fix, 2004). Further, to alleviate the impacts of these developments, the city government was forced to engage in not just road widening, but large-scale efforts including the construction of new metro lines and stops and new avenues altogether; this creates what she calls a “vicious cycle” of further government spending and public investments in concentrated areas (Fix, 2004).

This cycle continued into the next mayoral administration (Suplicy), which in 2001 started work on a connector avenue between Avenida Faria Lima and Avenida Engenheiro Luis Carlos Berrini—another adjacent corridor of recent business tower construction and real estate interest. Fix (2012a) argues that this project is just one more of many that has little importance in citywide transportation infrastructure but was very important symbolically for the real estate sector as it unified these two fronts of development growth in the same region of São Paulo. Along with this project, the city government also implemented the Bulevar JK, raised pedestrian walkways, and the remodeling of Largo da Batata (which, in 2014 has still not been fully realized). Together, early estimates for these projects placed their costs at over R\$369 million, but like so many other projects, have grown significantly since (Fix, 2004).

Real estate developers stressed the importance of the new roadway projects in that traffic in the region had gotten significantly worse. This, however at the time when millions of square meters of high-end office space sat vacant in the Faria Lima and Berrini regions, reaching 70% in the second semester of 2003 (Fix, 2012b). Fix (2012b) observed a number of factors contributing to this real estate crisis: the accumulation of new buildings in a relatively short period of time flooded the market with available space that was all similar, multinational



businesses' demand decreased, pension fund investment volume decreased, and credibility issues for a few of the real estate investments funds.

Some of these problems point to several of the other important dynamics that helped construct this region as a whole (by this, Faria Lima, Berrini, and Agua Espraiada). In São Paulo, like in other large urban cities around the world, new financial capital circuits helped further the real estate boom. A structure that transferred buildings into real estate titles into one that acted like other share-like financial systems created a profitable and attractive system for investors. Yet, in São Paulo, the interconnections between the financial sector and real estate markets took a different form than those of Europe and the United States (Fix, 2012b). While real estate developers were increasingly internationalizing—through strategic partnerships and other arrangements—the capital necessary to construct the new “globalized” São Paulo came from Brazilian investors (Fix, 2012b; Sette Whittaker, 2007). Principally, these financial resources came from pension fund investments, and many of those pension funds were connected to state companies (Fix, 2012b). This arrangement can be traced back to the Planning Secretary during the Maluf administration, when the Operação was originally conceived. The large amounts of capital they controlled turned them into the principal investors in high end office buildings in São Paulo during the 1990s, placing more than 20% of their portfolios in the developments (Fix, 2012b; Fix, 2004). In the early 2000s, however, they reduced their participation in the real estate sector; Fix (2004) identifies this as one of the other problems with this development model—many who point to the success of the Faria Lima area and suggest its repetition overlook the temporary role played by the pension funds in its success.

Finally, the Faria Lima Urban Operation was the first to use the Certificado de Potencial Adicional de Construção (CEPACs- Potential Additional Construction Certificates). These are

emitted by the São Paulo city government and managed by SP Urbanismo. They serve as a system of real estate certificates or financial titles, used as a form of payment for additional construction rights within Urban Operation project areas. Each CEPAC certificate is equivalent to a determined value of square meters for utilization as additional construction or modification of uses and parameters on a lot or project. The first public offer of CEPACs occurs through negotiation in the Mercado de Balcão Organizado da BOVESPA (the Brazilian stock exchange, headquartered in São Paulo). Following the initial sale, they can be traded and negotiated freely in secondary markets until the point in which they are officially tied to a specific lot within one of the Urban Operations. As with any other financial title, their price changes according to market interest. CEPACs can also be used as payment in the takings of properties for public projects. In these instances, the Índice Edificações em Geral (General Buildings Index), published monthly by the Secretaria Municipal de Finanças (Municipal Finances Secretariat) in the Diário Oficial da Cidade de São Paulo (Official São Paulo City Journal), and based in the price of the most recent auction regularizes the value of the certificate. The monies received from the public distributions of the certificates can only be used in payment of the specific interventions approved by the management group of each Urban Operation. Finally, the Caixa Econômica Federal (federal housing finance bank) is responsible for auditing the use of resources and for tracking the prescribed interventions.

Initially, this system was approved in March of 1995 but the initial auction of certificates was delayed due to legal questions regarding federal authorization for emitting municipal titles (Fix, 2004). To overcome this, the city government first used a provision allowing for “the purchase of development rights in national currency in place of a CEPAC,” thus creating a system of “CEPAC equivalents” instead of the actual titles (Fix, 2004). Those issues were

overcome, however, and today they are used in both the Faria Lima Urban Operation and Água Espraiada Urban Operation.

The system of negotiation and free exchange of the certificates has been controversial from the onset, however. Through this structure, they allow for the disconnection between possession of the certificate and possession of the lot. Anyone could buy the development title, independent of property ownership in one of the Urban Operations, which could generate a new form of “financialized” real estate speculation (Fix, 2004; Fix, 2012b).

Neoliberal urbanism (Hackworth, 2007) forms of redevelopment took hold in São Paulo in the 1990s, following economic and governance restructurings. For much of this period, there was no completion between the rationalities of public participation and markets. Redevelopment efforts in the Faria Lima Urban Operation emphasized transportation infrastructure, along with land development. Only in latter periods did public opposition mobilize and call for changes to the project. Yet, the overemphasis on real estate development and resulted in large amounts of vacant newly competed space. This rapid valorization of real estate in the region resulted in an over-accumulation of office space (Weber, 2002). Thus, instead of just attempting to revitalize an area of the city, real estate valorization was indeed an implicit goal of this project.

### **Água Espraiada**

The other project of interest for this comparison is Operação Urbana Água Espraiada, which also had a large avenue project as its anchor. Even before the Operação was approved, the traffic lanes were constructed along a creek that connected the Berrini business district with the middle and upper class neighborhood of Brooklyn. This was possible under an old law that provided for roadway improvements (Fix, 2004). Fix (2004) points out that the rationale for the

project was not for traffic circulation, but for the “resolution” of the problem of favelas along the creek. Nonetheless, this action did help increase property values in the area, as more than 50,000 people were removed. Most of these people did not have an option other than to relocate to newer favelas, growing along the margins of the reservoirs in an environmental protection area at the southern end of the city (Fix, 2012a) (See below for more on this process).

For its part, the city government offered “verba de atendimento” (a payment) in the sum of R\$1,500—which would not purchase a new home in a favela; transportation back to their place of origin—since many were reputedly emigrants from other regions of the country; or, the purchase of a public housing unit in the extreme eastern region of the city with monthly payments over 25 years—but this alternative was far from employment and existing social networks (Fix, 2012a; Fix, 2004). During the Maluf administration, the Cingapura Project attempted to build vertical projects in place of favelas on their current location, without the removal of residents to other regions of the city. Seeing this as an alternative, the residents attempted to receive units through this program on the site of their homes. In the end, only four percent of residents received some form of public housing, and all of it outside of the Urban Operation project area.

The formal approval of the Operação Urbana Água Espraiada occurred in December 2001 under the new Suplicy administration. The new project was essentially the same as that drafted under the previous administration, despite the new PT (Workers Party) government and recent passage of the City Statute’s reforms (Fix, 2004). The government and majority of city council members rejected alterations that would have created minimum social justice guarantees in the project’s implementation and the favela residents were unsuccessful in attempting to have

a part of the project area designated as a Zona Especial de Interesse Social (ZEIS-Special Social Interest Zoning, for the provision of public housing) (Fix, 2004; Fix, 2012a).



**Figure 23: Journalista Roberto Marinho Bridge over Pinheiros River (image by Wikimedia Commons, Creative Commons License)**

Fix (2004) also pointed out that, like the Faria Lima project, some parts of this one were excluded from official city accounting. For example, the R\$800 million (R\$ 1.242 billion in 2004 reais) spent on the project before the Urban Operation entered into law were excluded from possible allowable expenditures for the city-received profits, despite having been the what made the project viable in the first place (Fix, 2004). Instead, the money received would be used to construct a new interchange complex and two bridges over the Pinheiros River (which do not

even have bus transportation across them) and named after Journalista Roberto Marinho, deceased President of the Globo communication and entertainment company (shown in Figure 23). The city government also contracted the same company that completed the Avenida Agua Espraiada (also renamed in honor of Roberto Marinho) portion of the project; a company that was under investigation for overbilling in that project and payment to Mayors Maluf's and Pitta's accounts in Switzerland (See Chapter 2 for more on their corruption scandals) (Fix, 2004).

Taken together, the projects proposed as part of the Operation cost approximately R\$1.125 billion in 2004 reais, including, increased accessibility, pedestrian passageways, avenue extensions, and housing (Fix, 2004). Of this, a maximum of R\$350 million would be used for projects destined for favela residents, but those removed during the previous administration would not be eligible (this, despite the fact that in the original environmental impact report passed at that time, they would receive priority once funds began to enter into public sector coffers) (ibid).

Fix (2004) criticizes this series of projects—that transcends multiple municipal administrations and multiple parties—in that, despite emerging in a time of fiscal crisis and changing the public sector's role to “promoter, inductor, and regulator,” the projects still only come to fruition thanks to significant public sector financial commitments, “concentrating resources in one part of the city that is being adapted for the implantation of real estate megaprojects, with modernized infrastructure, government takings, and expulsions” (Fix, 2004, 10). Additionally, in one concerted set of actions, the “city becomes a growth machine, facilitating the growth of financialized real estate, with new office towers for national and multinational businesses; high-end apartments for the transnational class; luxury hotels, restaurants, clubs, and theatres” (Fix, 2004; Fix, 2012b). While these new mechanisms are seen

as beneficial for increasing the role of the private sector in improving urban space, the perceived social impacts are indeed limited: after ten years of the Operações Interligadas, which were able to collect enough funding for 10,000 public housing units, only 4,800 were actually completed (Fix, 2004). In Agua Espraiada alone, 50,000 people were removed from their homes in favelas; and in Faria Lima, none of the 10% legally defined minimum of funds to be used for public housing had been spent as of 2004 (Fix, 2004). Finally, even in the regulatory document for Urban Operations—the City Statute—there are contradictions, making it at the same time an advance to the political left and the political right (Massoneto, 2003)

Had the area been designated ZEIS as some had called for, the outcomes of this project may have been decidedly different. In Nova Luz, it was the ZEIS zoning designation that legally required participatory planning through the municipal management council structure. Nonetheless, this project is a clear example of neoliberal urbanism, where the city government acts as promoter and regulator, while still offering large outpourings of public funds in support of real estate development interests. And, like in other examples, the touted public benefits benefited a relatively small geographic portion of the city, did not entirely result in direct public investments within the project area, and largely took the form of highway and road infrastructure.

### **Business and the Favela in Agua Espraiada**

The first attempt at constructing a new avenue along the Aguas Espraiadas creek corridor occurred in 1964, when the Departamento de Estradas de Rodagem (Highway Department) of the State of São Paulo engaged in takings in order to construct a large expressway. This department did not complete the project, however, and the cleared areas soon became occupied

by favelas, like others throughout the valley. By 1987, estimates placed 6481 families in favelas on private, city, state and federal lands in the area (Frugoli, 2000). By 1992, the area near the creek occupied by favelas had increased to about five percent (ibid). In early 1994 one of the first conflicts between the growing business sector and the favela residents occurred, when favela residents blocked some of the lanes of Avenida Berrini for 16 hours in protest over the running over of two residents; business leaders at the time suggested that the favela is part of the region's reality, but does not prohibit its development (Frugoli, 2000).

Later in September 1994, the highway project received its first step towards completion during the Maluf administration: the state government ceded the lands over to the city government for completion of the urbanization and channelization of the area the city government adjacent to the creek. Two months later, business leaders from some 60 companies (later growing to about 122) including, Unibanco, the World Trade Center, Hotel Meliá Bratke-Collet, ASD Empreendimentos, Centro Empresarial Nações Unidas, and Biesp announced the formation of a "pool" of businesses in the area. This pool would finance the construction of 1000 housing units (estimated at a cost at the time of R\$8 million) to facilitate the removal of the Jardim Edith favela located between Avenida Berrini and the Marginal Pinheiros (another expressway, parallel to the Pinheiros River) (Frugoli, 2000). The removal of that favela was not included in the original city plans. Frugoli (2000) points out that the formation of the pool of businesses eliminated the need for the creation of an Operação Interligada, in that: "they would construct the housing units and donate them to the Fundo Municipal de Habitação, at no cost to the city government, with no need to obtain city council approval, and through the later formation of a non-governmental organization for the administration of the housing units" (Frugoli, 2000). Originally, they considered locations in the extreme east region of the city for



the proposed project (Conjuntos Santa Etelvina e Barro Branco), some 40-50 kilometers away from the site; however, later the City Housing Secretariat suggested exploring someplace closer to the site. It was at this time that favela community leaders first spoke out against the plans, suggesting that the Cingapura project should be used to construct units on the site of the favela, since a large portion of the residents worked in the nearby buildings as cleaners/maids or in the construction of the new towers (Frugoli, 2000).

In early 1995, city leaders and pool members announced that they had reached an agreement to purchase 41,000 square meters in Jardim Educandario near the Raposo Tavares highway in the west region of the city for R\$2 million and the remaining R\$6 million would be used to construct 950 units on the site (Frugoli, 2000). To divide the costs, (based on the estimated valorization to occur in the area with the removal of the favela) the business pool contracted Arthur Andersen for US\$100,000 (ibid). The consulting firm developed a “payment handicapping system” under which businesses contributed to the pool based on their relative distance from the favela (ibid).

At the time (in 1995), the Jardim Edith favela actually had three thousand families, or about 12 thousand residents in an area of about 68,000 square meters (Fix, 2012a). By September of 1995, the favela removal process had already begun. During the registry surveys—that were only conducted at this point, the residents were given three options: purchase a public housing unit financed and constructed by the city government in the areas in the extreme east of the city; receive a one-time payment of R\$ 1,500; or, in the case of the residents of Jardim Edith, the financed purchase of the units to be constructed by the pool in Jardim Educandario (Fix, 2012a). This final option, the residents argued, was not fully divulged by the city government representatives and thus resulted in the low numbers opting for this

alternative (ibid). The few that did, however, faced numerous problems. While waiting for the actual units to be completed, they had to stay in temporary barrack-style structures, surrounded by walls, and constructed on the site of the first homes demolished in the favela. Inside, they faced deplorable conditions: multiple families staying in large halls, private security at the door limiting their comings and goings, aggressive behavior directed towards them, and high instances of crimes (Fix, 2012a). All of this while beginning to pay the 25 years of installments for the yet-to-be completed units (R\$57 at the time, with future adjustments) (ibid).

Despite having specified procedures for payments or the other options, in reality, some residents were able to “negotiate” higher payments depending on the amount of resistance they gave and there were issues of cooptation of the community leaders that were originally against the favela removal (ibid). The guidelines for the removal process also stipulated that it should be immediate and complete, further endangering those that remained in the temporary barracks. To accomplish this, project coordinators used tactics of violence and terror, including threats, cutting off water and light service, psychological pressure, bulldozers circling the remaining houses “like vultures,” and the eventual departure of the city government from the project, leaving the remaining residents to negotiate directly and on a case by case basis with the developers (Fix, 2012a; Fix, 2004).

The avenue was inaugurated in 1997, but in July of the same year, some 30 houses had returned to the site of the removed favela (Frugoli, 2000). Days later, the Associação de Promoção Habitacional (Housing Promotion Association, the association formed by the pool of businesses) announced that it had completed construction on 200 units in Jardim Educandario and about 150 families were already living there, and promised the completion of 340 more apartments (ibid). By December 1997, however, the city government affirmed that there were

indeed 150 families living there, in seven buildings in the Cingapura style and they had stayed in the temporary housing for one year. However, only 44 additional families would receive units in the two new buildings, bringing the total number of units constructed to 196 and not the 1000 first promised (Frugoli, 2000).

In the end, the funds collected by the pool would have only financed the construction of units to house approximately 15% of the residents, but only four percent actually went to public housing (Fix, 2012a; Fix, 2004). Fix (2012a) and others discovered that many of the residents that received the one-time payment had moved to environmental protection areas along the Billings and Guarapiranga reservoirs in the extreme southern region of the city. This was largely due to the small value of the payment and the lack of other options for purchasing or rental of other housing in other favelas. The discovery led the Comissão de Meio Ambiente da Ordem dos Advogados do Brasil (OAB-Brazilian Lawyers Order Environmental Commission) and the Procuradoria-Geral de Justiça (Attorney General) to investigate the irregular occupations in that region. They found the city government responsible for not conducting the necessary monitoring of the residents during their resettling and the state government accountable for not taking responsibility when the reservoir occupations occurred (Frugoli, 2000).

The poorest residents in a city are often the most vulnerable. São Paulo city leaders, faced with an opportunity for a public-private partnership to rehouse favela residents clearly privileged the growth coalition push for a neoliberal urbanism redevelopment scheme. With the issue of the favela taken care of, there was not much community resistance left, since only small portions of the remaining area were residential. The process in which the favela residents were removed, however, requires greater attention. Unlike in the Nova Luz project, this occurred directly through the private development sector's actions, which approached the city government

with their idea. In this sense, this mode mirrors more closely Shatkin's (2008) conceptualization of privatized urban planning, in which the process of large-scale development is instigated by the private sector. However, in Agua Espraiada, this was in collaboration with larger municipal government efforts to redevelop the area, and served as an impetus for the project.

### **Middle Class Resistance in Faria Lima**

The original portion of the Faria Lima Avenue project started in 1968 and was completed in 1970. An extension of it, however, remained in city plans, possible due to the Lei de Melhoramento Viário (Transportation Improvement Law). In early 1993, this extension was taken up by the Maluf administration as its most important project. When it was first announced, the project was ill-defined and did not specify the exact number of takings to occur, placing the number between 500 and 2,100 properties (Fix, 2012a). At the time, two groups of residents formed in the middle and upper class neighborhoods to be impacted (Pinheiros, Itaim, Vila Nova Funchal and Vila Olímpia) (Fix, 2012a). One group felt that no amount of opposition could prevent the project or agreed with it, and decided to negotiate adequate values for the eminent domain takings. The other wanted to preserve the "quality of life" of their neighborhoods, fighting against the project and the resulting transformation to their neighborhoods (Fix, 2012a).

Two community organizations were formed, Vila Olímpia Viva (which also included the Itaim and Vila Funchal areas) and Pinheiros Vivo, comprised each of lawyers, administrators, professors, architects, economists, and homemakers (Fix, 2012a). In addition, both groups were directed by architects: USP professor Siegbert Zanettini led Vila Olímpia Viva and city employee Horacio Galvanezzi led Pinheiros Vivo. Fix (2012a) observed that the two groups worked together tactically, organizing protests and bringing juridical claims against the project.

While the city government publically ignored the existence of community groups, the media gave their movements significant attention (and much more than was given to the favela residents in Agua Espraiada) (ibid).

One of the principal issues for the groups was the eminent domain process. There were varying estimates of the number of houses to be removed and whether legal rate (tax declared), market rate, or above market rate values would be paid (Fix, 2012a). This issue was finally settled in the Supremo Tribunal de Justiça (Supreme Court) in March and set the value at the market rate. Unlike the case of the favela residents, these residents were able to negotiate the payment amounts and not met with physical force when they attempted to prevent the demolition of buildings (Fix, 2012a). Despite their protests, the first demolition was able to occur on the following day, April 16, even before the Urban Operation was officially approved (ibid). Fix (2012a) also notes that, although the project was for the extension of the avenue, the underlying motivation was to create new real estate development along it.

After nearly two years of fighting over the project, the residents were unable to prevent the construction of the avenue, but the city government was not able to pass the Urban Operation (Fix, 2012a). At this time, the community groups mobilized to formulate an alternative project, the Planos Diretores de Bairro (Neighborhood Master Plan) and show that they were not just opposed to the project (ibid). In the plan developed for the Faria Lima area, the residents' associations, under the coordination of the architect Candido Malta, proposed "harmonizing the objectives of renovation and modernization of the city with preservation" calling for the exclusion of historic vilas and other notable buildings in areas with public transportation accessibility, along with the creation of "islands of tranquility" within the neighborhoods (Fix, 2012a). The plan also emphasized densification along public transportation axes and the margins

of rivers. In the end, through their efforts the residents were able to reduce the number of takings and restrict the maximum building heights in a few parts of the project area (Fix, 2004). Additionally, the Urban Operation finally passed in March of 1995, with a unanimous vote in the city council.

Just as in the case of Nova Luz, a layering of rationalities was apparent here. Technocratic planning perspectives, in support of local growth coalitions and a neoliberal urbanism drive were privileged over community and public input. Unlike in the Agua Espraiada redevelopment, community members were able to mobilize and make some very small changes to the project. This is undoubtedly due to their economic status—middle class individuals rather than favela residents in the other example. Nonetheless, city leaders were able to move forward with the overall development scheme for the area, since there was no legal requirement for participatory planning and no requirement for public approvals of plan components.

## **Conclusions**

Much can be learned from both an internal comparison between the two fronts of redevelopment in the Berrini/Faria Lima region in the 1990s-2000s and a wider comparison between those and the Nova Luz attempts. Fix (2004; 2012a; 2012b) has pointed out some of the distinctions between the favela removal in Agua Espraiada and the development of Avenida Faria Lima to the north. Both of these projects ostensibly relied on the extension of important avenues as initial—and irreversible—project instigators. That is, the completion or near completion of the Faria Lima extension and expansion of Avenida Agua Espraiada (now Journalista Roberto Marinho) both occurred before the full approval of the respective Operações Urbanas. Their completions, however, provided for significant neighborhood changes,

government takings of land, and project inertia that set the stage for the Operações Urbanas to take place.

One of the most important distinctions between the two projects, however, involves the different impacts on the various communities. The removal of Favela Jardim Edith affected scores more individuals than the takings that occurred in the other neighborhoods for Faria Lima. However, the former case received scant media attention while the latter received much more. This is unfortunately not surprising, considering one was a poor favela community and the other middle and upper class. Nonetheless, it still raises important issues about community mobilization, information access, access to resources, and other inequalities. While the favela community did have a formed community association with leadership, there were accounts of their cooptation by the private sector “pool” project coordinators. On the other hand, the communities impacted by the Faria Lima project each formed their own association and then worked together, providing for geographic specificities but a consorted effort in attempting to express their issues with the project. This also allowed for at least the appearance of a larger effort. These groups also were able to rely on the support of internal resources—like lawyers, planners, and architects—that could help further their demands.

Another factor worth examining is the role of the private sector and the larger redevelopment of the two areas also played varying roles. In both areas, the private sector real estate interests sought to benefit from the early activities surrounding the opening of the avenues and the later incentives provided under the Operações Urbanas. Both areas were already receiving development pressure from real estate interests, as well. However, the private sector pool took the lead in the favela removal efforts with the explicit goal of land (and investment) valorization in the area surrounding that site. The formation of the pool of investors to finance

replacement public housing was unprecedented in Brazil and likely one of just a few similar actions in other cities around the world. In doing so, the interested parties sought to unencumber such action from the public sector processes. Yet, it is also very clear that they only intended to do the minimum necessary to appease the eyes of public opinion. They originally proposed a replacement housing site some 50 kilometers from the favela's location and only 196 housing units were completed—far from the 1000 originally promised. At the same time, for the public sector, this provided a project plan and completion strategy “for free.” To put it a different way, the public sector did not have to use internal funds and find a suitable site on its own to deal with the “problem” of the favela. The ambivalence of the municipal government was also made clear in their leaving of the community and forcing the residents to negotiate directly and on an individual basis with the pool's representatives, along with the later court decision finding it negligent in managing the removal and relocation of the favela residents. In the end, however, neither the favela residents of Jardim Edith nor the middle and upper class residents near the Faria Lima project won their battles; both avenue projects were completed and both Operações Urbanas were approved. The impacts on the Jardim Edith residents were much more violent; conversely, at least some of the middle and upper class residents' concerns were met through some project modifications.

### *Multiple Centralities, Multiple Projects*

Turning now to a discussion of the Berrini/Faria Lima projects and the Nova Luz attempts, one of the most obvious differences is that of the redevelopment mechanisms employed. In the old downtown, multiple attempts at using Operações Urbanas never served to stir the necessary private sector real estate interest to provide for significant redevelopment of the



region. The city and state governments also attempted multiple “culture led” redevelopment programs; while they did provide for a rich network of museums and performance spaces, nonetheless did not provide a significant development instigator in the region. On the other hand, the Berrini and Faria Lima projects were initiated through major road projects in areas that already had some internal inertia of private sector real estate interest.

Both project areas also differ in their land development mechanisms and resulting neighborhood changes. Public sector eminent domain activities and private sector incentives were enough to transform primarily middle and upper class neighborhoods to high end office towers, hotels, and shopping centers in the Berrini/Faria Lima region, although the costs incurred by the public sector to facilitate such development were not fully recouped through the Operação Urbana structure. Conversely, the Nova Luz attempt using urban concessions was a completely different model for development. It emerged from the growing costs of public sector eminent domain proceedings and project delays in the incentives attempt there, but would have—at least on paper—preserved all of the neighborhood’s historic features and allowed for some of its lower income residents to remain. In this sense, although neighborhood change would have occurred, it likely would not have been to the extent experienced by the other example.

Another important point of comparison is the role of the private sector in each. In Agua Espraiada, the private sector development interests took the lead and proposed the favela relocation project at their cost. In Nova Luz, the incentives attempt provided a structure under which private sector actors would redevelop parts of the neighborhood on a building-by-building basis, through the use of tax breaks and other financial incentives. In the larger redevelopment effort, the municipal government sought out the private sector for both developing a complete redevelopment plan for the 45-block area as well as the completion of the entire project, both

completed or to be completed by a single firm or consortium of firms. In both cases, however, it is clear that the municipal government wanted, needed, or relied on the private sector's lead for completing the favela removal or large redevelopment project. This points to issues of public sector capacity in completing projects of certain scales and larger trends of the privatization of urban planning.

City builders did at least implicitly learn from the mistakes of the participatory processes. The institution of ZEIS participatory management councils during the Suplicy administration ensured that the egregious example of Jardim Edith did not occur in Nova Luz. Although it had many internal and external issues, this council provided at least one formal forum for civil society in Nova Luz. No such participatory planning body existed in the Jardim Edith example nor Faria Lima. In the latter examples, both communities struggled to receive any attention from the public sector and only one was marginally successful in attaining any project changes. Participation in Nova Luz did not result in all of civil society's demands being met, but many of their suggestions were incorporated in latter versions of the project plans. Similarly, the Nova Luz project structure—as a comprehensive redevelopment plan—provided for the incorporation of many community benefits, like schools, social service facilities, and nurseries. The Operação Urbana format does not provide for such structure, merely allowing for the profits received by the public sector to be spent on whatever deemed necessary in the area. In exchange for the development rights in the Nova Luz area, the firms completing the project would have mandatorily completed such features.

On a related note, electoral politics in general indeed play a significant role in many of the differences between the two efforts outlined herein. While a full discussion of this is largely outside the scope of this dissertation, I will touch briefly here on it. Between the municipal

administrations in São Paulo which completed or proposed the various projects discussed herein exists significant differences in urban project priorities, stances on informal settlements and informal settlement upgrading programs, and civil society, just to name a few. Additionally, some of the administrations responsible for the above projects have been marred by international corruption scandals that may have directly or indirectly influenced their municipal priorities.

### *Intramunicipal Competition*

Finally, and most significantly, is the dynamic I refer to as “intramunicipal competition.” Interurban competition is a well-known occurrence in economic development in which neighboring municipalities compete with one another through different packages of development opportunities, tax breaks, land provisions, and other incentives. intramunicipal competition I argue, is a similar phenomenon that can only be recently observed in geographically large cities that have undergone neighborhood specific processes of growth and decline. In it, a city tries to develop or redevelop multiple areas simultaneously using a different package of incentives for each. This splits private sector interests between them as they seek the best combination of low development costs and high profit possibilities.

City builders were planning the Nova Luz project at the same time businesses were buying office space in the Faria Lima/Berrini region and completing it as a new business district. The comparatively high outlays of redeveloping Nova Luz—including those identified by the city government in ending the project, irregular land parcels, high number of property owners, and even time in confronting a very mobilized civil society—proved to be too costly for the project to continue. Developer and private sector attention was (and still is) very interested in

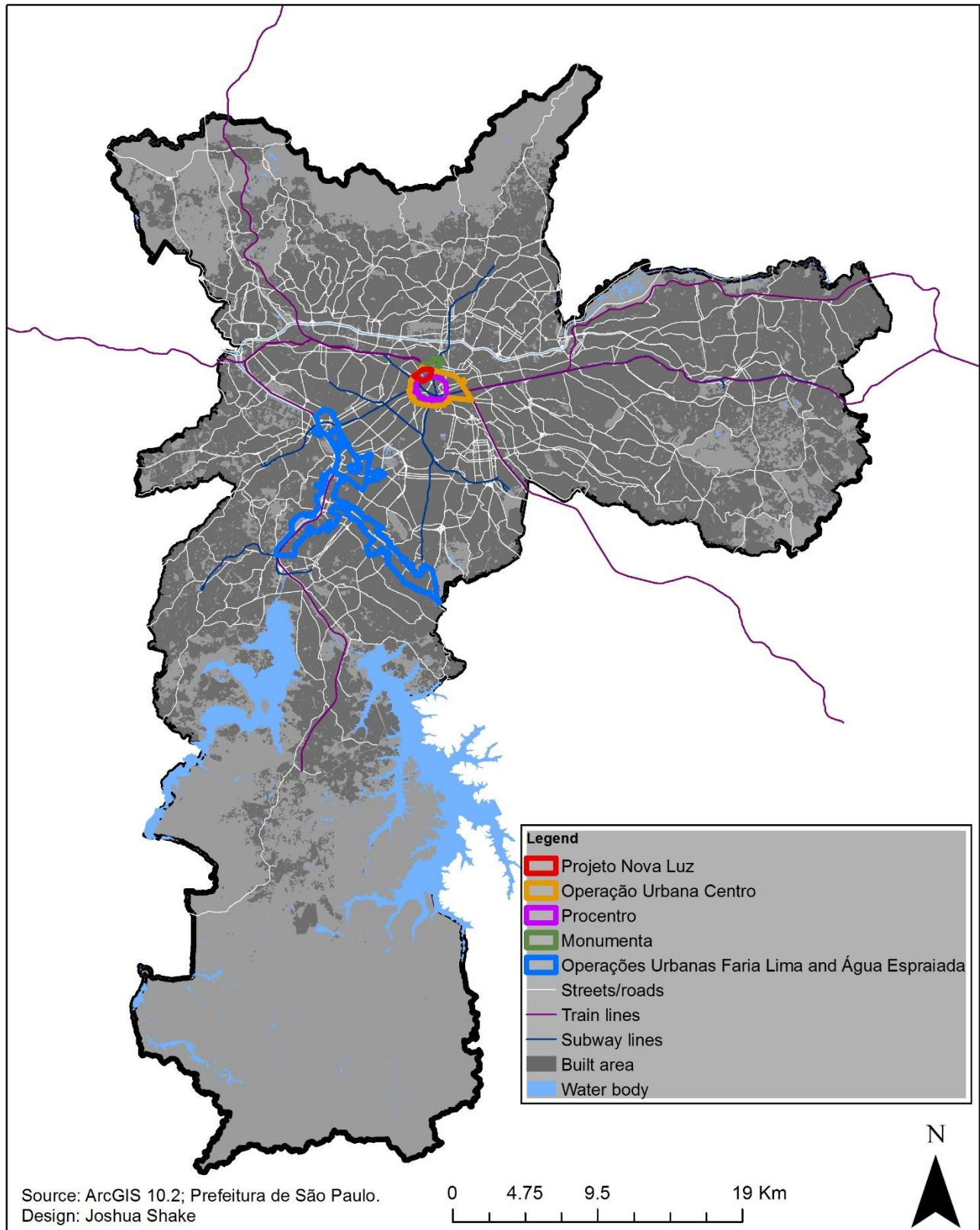
the Faria Lima/Berrini region and was not completely sold on the prospect of the Nova Luz project.

As Fix (2012b) noted, for some time in the 2000s much of the newly completed office space in the Faria Lima/Berrini region sat vacant. Only some time later did it become rented out. This, however, was precisely the same time that the Nova Luz efforts were taking off, first under the incentives approach. For its part, it was poorly defined and slow to progress—which stymied any potential development interests. On a citywide scale, however, real estate markets were still “catching up” with the flooded market in the new centrality to the southeast. Additionally, many of the companies that expressed interest in the incentives approach had recently invested in office space in the Faria Lima/Berrini region. A region that concentrates many multinational, tech sector, and service sector companies. In insisting on redeveloping the Nova Luz region, planners and city leaders failed to recognize these dynamics at a citywide scale, however. The development of new centralities in São Paulo has traditionally happened on multiple-decade long cycles, not immediately following the consolidation of the previous. Even if Nova Luz was not an attempt at recreating part of the old downtown as an emerging centrality, it still attempted to reverse the real estate development inertia that had been in a different region of the city for some time. No amount of incentives was able to reverse this (through the incentives approach or the Operação Urbana Centro) and the Concessão Urbana format served to be politically, financially, and logistically very costly.

## **CHAPTER VI**

### **Conclusion**

I argue that in São Paulo, a new, historically specific form of privatized urban planning for redevelopment has emerged. This form combines public-private partnerships and participatory planning in the form of municipal management councils. Despite originating in the same historical, political, and economic context, the Nova Luz redevelopment project is the first instance of such a juxtaposition of governance structures. Unlike conventional understandings, however, this research shows these two modes are not inherently incompatible, but careful attention must occur as they are brought together or “assembled.” Further, the São Paulo case exemplifies a more nuanced understanding of the public and private logics of urban development; they are not either/or, oppositional forces but occur concurrently for the same urban space and project in varied ways—sometimes in consensus and cooperation and other times in contestation and conflict.



**Figure 24: Locations of São Paulo Redevelopment Project Areas discussed in Dissertation (depiction by Joshua Shake)**

This research contributes to the emerging perspectives regarding the privatization of urban planning. As Shatkin (2008) points out, this shift increases the “potential for conflict between citizens and private developers and equity issues while decreasing popular participation opportunities” (399). While these issues may be present in São Paulo to some extent, the context is decidedly different. In Shatkin’s case, the private sector was the leader in the process, while in São Paulo the city government is directing the redevelopment efforts in collaboration with the private sector. The processes are indeed resulting in the privatization of urban planning in São Paulo, however they take Shatkin’s example further. The São Paulo case shows that privatizing urban planning can take many forms and is uneven in its manifestations. That is, the privatization turn can occur concurrently with the participatory turn and the two are not binary governance strategies for shaping urban form. This case further demonstrates the potentials for including participatory processes within public-private partnerships.

In Brazil, participation through municipal management councils is a legal requirement, although in practice it has varying efficacy. Even so, it is at least present and presents the opportunity to influence project outcomes. As Caldeira and Holston observe, “the interconnections between democratic and neoliberal rationalities of government are intricate, yet still under-investigated” (Caldeira and Holston, 2008, 411). Therefore, in exploring these dynamics, this research seeks to fill the existing gap in the literature discussing interplays between the privatization of urban planning and mandatory participatory planning. In Brazil, and as exemplified by the São Paulo case, these two modes of planning and urban governance are not an “either/or” option, but rather are both employed in planning and development processes.

Additionally, this research offers an example of the varied ways city builders attempt to redevelop downtowns in a globalized world of cities, furthering the growth of both literatures on and understandings of urbanism as it occurs in varying contexts. Specifically, it highlights a case of how participatory planning bodies can and cannot be incorporated into public-private partnerships for redevelopment. In doing so, it reveals insights into the emergence of new redevelopment strategies as these manifest themselves differently at the local level throughout the world. Similarly, this research presents an opportunity to increase perspectives of how social and political systems can and do influence planning in cities not just in Brazil, but also comparatively with other urban contexts.

### **Cities as Assemblages**

By reframing our understandings of cities as assemblages (McCann and Ward, 2011; Farias and Bender, 2010; McFarlane, 2011; Deluuzze and Guttari, 1987; Allen and Cochrane, 2007; Olds and Thrift, 2005) of policies from distinct origins and researching those contexts in which they emerge, the failures of democratic governance and privatized urban planning are not due to their inherent incompatibility or oppositional nature, but rather in the ways that they have been assembled together in specific urban development projects. Some of the shortcomings in understanding the dynamics of contemporary urban redevelopment and civil society come from an under-elaborated framing of how cities are formed as “static arrangement of a set of parts” as McCann and Ward (2011) suggest has been the conventional mode. Understanding cities as assemblages emphasizes the local level—the politics and practices (Olds and Thrift, 2005)—and the how, where, why and consequences of the assemblages of elements by urban actors (McCann and Ward, 2011). Shifting our understanding to cities as assemblages of urban policies—from



local, national, and international sources---and understanding the pathways and contexts from which these policies emerge, we gain new insights on the city. For my research project, this reframing allows for a new understanding of privatized urban planning and democratic governance—one that breaks from the oppositional dichotomies present explicitly and implicitly in other accounts. In recognizing this, these issues can be identified and provide for the future success of these to governance modes together.

Therefore, new and emerging approaches are necessary to understanding present-day global urbanism generally and the dynamics of São Paulo more specifically. Even more precisely, however, I suggest that some of the shortcomings in understanding the dynamics of contemporary urban redevelopment and civil society come from an under-elaborated framing of how cities are formed. By shifting our understanding to cities as assemblages of urban policies—from local, national, and international sources---and understanding the pathways and contexts from which these policies emerge, we will gain new insights on the city. For my research project, this reframing allows for a new understanding of privatized urban planning and democratic governance—one that breaks from the oppositional dichotomies present explicitly and implicitly in other accounts.

In Brazil, both the participatory turn and privatization turn emerged from the same historical context. Social movements gained momentum during the waning years of the military dictatorship and helped institutionalize new forms of participation in the new Constitution of 1988. Also, the new democratic governments of the early 1990s inherited significant government debt and economic stagnation from the 1980s and the latter days of military rule. The new governments, mostly under Fernando Henrique Cardoso's leadership, engaged in

widespread fiscal reforms, monetary restructurings, privatizations of state industries, and bureaucratic reform and decentralization.

Over time, each set of governance styles and institutions evolved and was incorporated in varying formats at the different spheres of government in Brazil. At the same time in São Paulo (in the early 2000s during Marta Suplicy's administration) stringent fiscal regulations greatly restricted government spending on new projects and new public housing mechanisms in the form of ZEIS were implemented. Along with this latter instrument, management councils comprised of municipal government and civil society representatives were required for each public housing project implemented in the new zones.

The two trajectories came back together directly in the Nova Luz project, albeit in a piecemeal way and without full consideration of the larger policy contexts, trajectories, and assemblages that did so. And as a result of the changing dynamics of centrality(ies) in the city over the previous century. The superposition of the Nova Luz perimeter over the preexisting ZEIS zoning created what the public sector initially treated as a project within a project, delaying when it formed the ZEIS management council and attempting to only address public housing related concerns within it. They soon discovered, through their own realizations and through civil society's insistence, that the two projects could not be treated separately. Had they come to this realization earlier, some of the outcomes may have been different. As this example—and that of multiple redevelopment projects and intramunicipal competition—show, cities and neighborhoods are impacted by multiple and overlapping assemblages of different policies, each with their own contexts and trajectories that must be considered.

Lastly, the policy assemblages regarding Nova Luz may be continuing. Recent rumors have suggested that the CEPAC instrument—pioneered in the Faria Lima Operação Urbana and

also in use in the Água Espraiada Operação Urbana, is in discussions for use in the Nova Luz project area. However, with one distinction: after its widespread use in São Paulo, the city of Rio de Janeiro employed it with some structural modifications in its Porto Maravilha old port area redevelopment efforts. Leaders in São Paulo have met with project coordinators in Rio about using this modified CEPAC format in São Paulo and restarting the Nova Luz project using this format. Only time will tell if this holds true, but the policy assemblages and reassemblages continue.

### **New Redevelopment Forms**

The Nova Luz project represents both a continuity and departure of earlier projects in the old downtown region of the city. This continuity is explicit in the use of funding from them for the planning stages of Nova Luz and preliminary eminent domain activities; it is also implicit in the ongoing interest in redeveloping portions of the old downtown region. However, new redevelopment mechanisms were necessary for new types of projects. The previous projects' funding expired in the 2000s and those projects were more punctual in nature. They emphasized historic preservation, urban design and streetscape improvements, and cultural facilities; they were not comprehensive, neighborhood-wide redevelopment actions, however. The comprehensive redevelopment of what was to grow to be a 45-block area in a central, downtown region of a Brazilian city was not only unprecedented in São Paulo but in all of Brazil. The differences of this project in comparison with the precedent redevelopment projects in the area, as well as with the Faria Lima/Berrini projects and redevelopment instruments are summarized in Table 8.

**Table 8: Summary Comparison of Redevelopment Projects (design by Joshua Shake)**

	Centro Redevelopment Projects					Other Redevelopment Projects	
	<i>Luz Cultural</i> (state government)	<i>Procentro/Operação Urbana Centro</i>	<i>Monumenta</i>	<i>Ação Centro</i>	<i>Incentives</i>	<i>Nova Luz</i>	<i>Faria Lima</i> <i>Água Espraiada</i>
<b>Creation Date</b>	1984; relaunched mid 1990s	1993; 1997	2002	2003	2005	2009	1995
<b>Redevelopment Instrument</b>	public investments in cultural facilities	Urban Operations	international funding for public investments; zero-interest loans for self-improvement of properties	international funding for public investments; various fiscal incentives	various tax rebates	Urban Concessions	Urban Operations
<b>Style</b>	culture-led redevelopment	neoliberal urbanism	culture-led redevelopment	culture-led redevelopment	neoliberal urbanism	privatized urban planning	neoliberal urbanism
<b>Private Sector Participation Model</b>	no neighborhood redevelopment plan ever completed	multiple developers; low interest	multiple developers; low interest	multiple developers; low interest	multiple developers; low interest	one developer consortium	multiple developers; high interest
<b>Public Participation</b>	unknown	project emerged from local business group interests	no clear participatory program	public participatory forums	none	required Municipal Management Council	low-influential, mobilized middle and upper income residents

Another factor became very apparent in the incentives-based redevelopment attempt and refers to the public sector's capacity to carry out a project of such scale. Decentralization and economic restructuring occurred in the 1990s and 2000s following redemocratization, and these two dynamics indeed influenced the city government's capabilities in the Nova Luz attempts. The private sector grew impatient and began to lose confidence in the public sector's capacities to complete the necessary steps. The eminent domain proceedings were very delayed, as well. As they were seeking new mechanisms, city officials acknowledged that the private sector may be more financially and logistically capable of completing the project. In interviews, city officials also recognized that many departments and secretariats had no ongoing plans for the Santa Ifigenia/Nova Luz region, as they could not comprehensively plan for all parts of such a large city.

While traditionally city governments turn to entrepreneurial urbanism and privatized urban planning due to fiscal constraints (Shatkin, 2008; Jessop and Sum, 2000; Harvey, 1989; Hubbard and Hall, 1998; Hackworth, 2007), the case of São Paulo suggests deficiencies in government capacity may also be a motivating factor. The Nova Luz project had an optimistic 15-year completion schedule, but the administrative change was a decisive factor in its lack of continuity. In this case, and in countless cases across Brazil, administrative changes in the political party in power result in the cancelation of numerous projects and contracts. São Paulo city officials were still trying to contract the project completion phase even in the final days of their administration. Thus, their actions show they were seeking to insulate the Nova Luz project from the four or eight year political cycles to ensure its completion by the private sector, which is not barred by such cycles. This would also allow the private sector to proceed at a quicker pace, without the bureaucratic encumbrances of the public sector. I conclude that—along with

financial considerations—cities may turn to privatized urban planning because of a lack of internal capacity to complete a development project.

Finally, the project, in its current form, failed for two reasons. The new administration officially acknowledged the problems with the participatory process. However, deeply tied to this factor is that of politics. As mentioned above, political power shifts can deeply influence urban planning in São Paulo and Brazil. Cognizant of this, the civil society groups took advantage of the elections and attempted to ensure the Nova Luz project would not be completed in its proposed form. The Nova Luz project itself became a political instrument, representative of the previous administration; the new mayor (Haddad) quickly spoke out and ended it shortly after taking office. In its place, he suggested projects would be developed with ample participation, highlighting this as a departure from the previous administration's approaches. The second reason only becomes clear when this project is placed in the larger context of urban redevelopment and centralities in São Paulo. This issue, of intramunicipal competition, is discussed below.

### **New Forms of Participation**

Democratic forms of governance emerged at about the same historical moment as entrepreneurial forms of governance in Brazil. That is, in the 1980s and 1990s as Brazil was in the process of redemocratization. We saw the entrepreneurial shift in previous chapters due to hyperinflation, other economic issues, and the desire to decentralize the central military governments rule. On the other hand, the various forms of participatory governance emerged from the growth of social movements calling for direct elections and the end of the dictatorship. With the passage of the new constitution and subsequent laws and regulations, these institutions

became structural components within the new democracy. Yet, these two governance strategies—although both present—evolved on different paths and only recently were brought back together. This, however, occurred almost by happenstance, due to the overlapping regulatory frameworks for Nova Luz. Recall that the redevelopment mechanisms were developed specifically for this project, and should the project area not have had public housing zoning (ZEIS), this entire story could have been very different. It was the existence of this zoning that required the management council.

In this case, one can conclude that participatory governance and the institutions and actors that make it up are still works in progress. This example in São Paulo was the first time a project specific municipal council was used in all of Brazil, and the most active civil society groups actually just formed in opposition to the project—rather than being longstanding community based associations as seen in other arenas. Contrary to other research, the civil society actors that were most active were not explicitly those that were most politically connected but rather those that were most visible. Yet, an aversion to this possibility was indeed present in the dynamics between AMOALUZ and ACSI. ACSI perceived that AMOALUZ's engagement with the municipal council was legitimizing the project. Rather, it was the only possible way to minimize the possible impacts of the project and effectively renegotiate some of its components.

Additionally, the specific types of participation engagement in this example differ from those observed in other contexts. Tatagiba (2011) noted that in other participatory bodies, the political orientation of the party in power dictates the type of participation that occurs: in left leaning governments, civil society actors tend to participate directly while in right leaning governments they tend to be more confrontational. In this case, the dynamics between ACSI and

AMOALUZ provide a different conclusion. The two groups were able to work able to cooperate to some extent following the initial disagreements, but both took different approaches throughout the process. AMOALUZ and other civil society groups saw their best means of engagement as through the ZEIS council while ACSI's interactions with the state were less direct. In this sense, these groups simultaneously participated both collaboratively—through the project council—and combatively—through court actions barring the project and the accord signed by the mayoral candidates.

This dynamic also occurred in part due to the structure of the ZEIS council, which only dealt with housing issues and those issues within the 11 blocks under this designation. Although they were able to provide some feedback to the wider Nova Luz project area, most of these remained as suggestions rather than changes in policy. Other interested and active parties—like ACSI—were effectively excluded from the only formalized participatory body. The project wide municipal council was not formed since legislatively that was only required to occur once the project was in the implementation phase. This, along with the sometimes strained relations between the city government and civil society actors in the ZEIS council, raise questions about the intent of the council(s); others have noted that the inclusion of civil society actors—rather than the extent of their participation—serves as the legitimizer of the process (Pupo and Bueno, 2012). At least in the eyes of some public sector and consortium employees, this may be true in this case as well. Additionally, two other facts put the legitimacy of all of the participatory forums in question. The private sector consortium organized and directed many of the public meetings. Similarly, many of the sectorial meetings occurred not by their initiative, but through that of the civil society actors themselves. A public participation process directed by private



sector planners raises many issues regarding the larger trend of privatizing urban planning and indeed undermines the legitimacy of the process.

It was indeed the combination of both the simultaneous collaborative and combative forms of civil society engagement that ensured the project did not continue. All of the groups initially viewed this as a victory, as well. However, to date no concrete activities or plans have taken place in the neighborhood. And, the civil society and council momenta that were championed have all but disappeared. The council has been disbanded, there are no interactions between or within the various civil society groups, and many of their websites have either expired or not been updated since the end of the project. In follow-up interviews, both city officials and civil society leaders expressed concern that this was happening. Additionally, the civil society leaders were beginning to retrospectively observe that some attention is better than no attention. That is, despite the problems with Nova Luz, the Santa Ifigenia region was at least the subject of debate and planning processes—which have all but disappeared today. Consequently, the community groups won the battle against Nova Luz, but in doing and without realizing at the time, also lost the war for public action and necessary improvements to their neighborhood in the near future.

### **Intramunicipal Competition and the Context of Redevelopment in São Paulo**

One of the most obvious differences between the Berrini/Faria Lima projects and the Nova Luz attempts, one of the most obvious differences is the redevelopment mechanisms employed. In the old downtown, multiple attempts at using Operações Urbanas never served to stir the necessary private sector real estate interest to provide for significant redevelopment of the region. The city and state governments also attempted multiple “culture led” redevelopment

programs; while they did provide for a rich network of museums and performance spaces, nonetheless did not provide a significant development instigator in the region. On the other hand, the Berrini and Faria Lima projects were initiated through major road projects in areas that already had some internal inertia of private sector real estate interest.

Both project areas also differ in their land development mechanisms and resulting neighborhood changes. Public sector eminent domain activities and private sector incentives were enough to transform primarily middle and upper class neighborhoods to high end office towers, hotels, and shopping centers in the Berrini/Faria Lima region, although the costs incurred by the public sector to facilitate such development were not fully recouped through the Operação Urbana structure. Conversely, the Nova Luz attempt using urban concessions was a completely different model for development. It emerged from the growing costs of public sector takings and project delays in the incentives attempt there, but would have—at least on paper—preserved all of the neighborhood's historic features and allowed for some of its lower income residents to remain. In this sense, although neighborhood change would have occurred, it likely would not have been to the extent experienced by the other example.

Another important point of comparison is the role of the private sector in each. In Água Espraiada, the private sector development interests took the lead and proposed the favela relocation project at their cost. In Nova Luz, the incentives attempt provided a structure under which private sector actors would redevelop parts of the neighborhood on a building-by-building basis, through the use of tax breaks and other financial incentives. In the larger redevelopment effort, the municipal government sought out the private sector for both developing a complete redevelopment plan for the 45-block area as well as the completion of the entire project, both completed or to be completed by a single firm or consortium of firms. In both cases, however, it

is clear that the municipal government wanted, needed, or relied on the private sector's lead for completing the favela removal or large redevelopment project. This points to issues of public sector capacity in completing projects of certain scales and larger trends of the privatization of urban planning.

City builders did at least implicitly learn from the mistakes of the participatory processes. The institution of ZEIS participatory management councils during the Suplicy administration ensured that the egregious example of Jardim Edith did not occur in Nova Luz. Although it had many internal and external issues, this council provided at least one formal forum for civil society in Nova Luz. No such participatory planning body existed in the Jardim Edith example nor Faria Lima. In the latter examples, both communities struggled to receive any attention from the public sector and only one was marginally successful in attaining any project changes. Participation in Nova Luz did not result in all of civil society's demands being met, but many of their suggestions were incorporated in latter versions of the project plans. Similarly, the Nova Luz project structure—as a comprehensive redevelopment plan—provided for the incorporation of many community benefits, like schools, social service facilities, and nurseries. The Operação Urbana format does not provide for such structure, merely allowing for the profits received by the public sector to be spent on whatever deemed necessary in the area. In exchange for the development rights in the Nova Luz area, the firms completing the project would have mandatorily completed such features.

On a related note, electoral politics in general indeed play a significant role in many of the differences between the two efforts outlined herein. Between the municipal administrations in São Paulo which completed or proposed the various projects discussed herein exists significant differences in urban project priorities, stances on informal settlements and informal

settlement upgrading programs, and civil society, just to name a few. Additionally, some of the administrations responsible for the above projects have been marred by international corruption scandals that may have directly or indirectly influenced their municipal priorities.

Finally, and most significantly, is the dynamic I refer to as “intramunicipal competition.” Interurban competition is a well-known occurrence in economic development in which neighboring municipalities compete with one another through different packages of development opportunities, tax breaks, land provisions, and other incentives. intramunicipal competition I argue, is a similar phenomenon that can only be recently observed in geographically large cities that have undergone neighborhood specific processes of growth and decline. In it, a city tries to develop or redevelop multiple areas simultaneously using a different package of incentives for each. This splits private sector interests between them as they seek the best combination of low development costs and high profit possibilities.

City builders were planning the Nova Luz project was being planned at the same time the Faria Lima/Berrini region was being completed as a new business district. The comparatively high outlays of redeveloping Nova Luz—including those identified by the city government in ending the project, irregular land parcels, high number of property owners, and even time in confronting a very mobilized civil society—proved to be too costly for the project to continue. Developer and private sector attention was (and still is) very interested in the Faria Lima/Berrini region and was not completely sold on the prospect of the Nova Luz project.

As Fix (2012b) noted, for some time in the 2000s much of the newly completed office space in the Faria Lima/Berrini region sat vacant. Only some time later did it become rented out. This, however, was precisely the same time that the Nova Luz efforts were taking off, first under the incentives approach. For its part, it was poorly defined and slow to progress—which stymied

any potential development interests. On a citywide scale, however, real estate markets were still “catching up” with the flooded market in the new centrality to the southeast. Additionally, many of the companies that expressed interest in the incentives approach had recently invested in office space in the Faria Lima/Berrini region, as it concentrates many multinational, tech sector, and service sector companies. In insisting on redeveloping the Nova Luz region, planners and city leaders failed to recognize these dynamics at a citywide scale, however. The development of new centralities in São Paulo has traditionally happened on multiple-decade long cycles, not immediately following the consolidation of the previous. Even if Nova Luz was not an attempt at recreating part of the old downtown as an emerging centrality, it still attempted to reverse the real estate development inertia that had been in a different region of the city for some time. No amount of incentives was able to reverse this (through the incentives approach or the Operação Urbana Centro) and the concessão urbana format served to be politically, financially, and logistically very costly.

### **Implications for the Practice of Urban Planning**

This research also offers a number of detailed lessons for planning practice, both in and outside of Brazil. Specifically, it reveals the possibilities and perils of attempting to conduct large-scale redevelopment projects under demands for public participation and necessities for collaborating with the private sector. This case should not be read as one arguing that public-private partnerships and democratic governance cannot work together. In a country with a rich tradition of participatory planning and budgeting, this is the first instance the two governance structures have coincided to such an extent.

Learning from this case and the policy trajectories, contexts, and histories that the two strategies have passed through—and with special attention to the ways in which these two forms come together in specific projects—will continue to inform perspectives and provide for their successful employment in future projects. Even so, this case illustrates that these two modes of governance are not incompatible as conventional understanding suggests, but rather must be brought together in very specific ways in order to function and realize the potential mutual gains of public-private partnerships and participatory planning. Yet, as public-private partnerships become ever more popular both in Brazil and around the world as an important risk management mitigation measure and method for efficient project completion, this case demonstrates that their structuring can actually create more risk if not done carefully.

Secondly, it addresses the necessity of participation requirements throughout project development and participation from all interested parties, not merely those specific to a component of a project. In this case, participation was only required after draft plans were completed and only for public housing provision, both reducing the amount of public input possible in plan elaboration and restricting non-housing (business) association's access to participatory forums. Planners must also be cognizant of questions of legitimacy in participatory processes. While in some projects the private sector planners may have some advantages to managing participatory processes, this easily undermines the entire process; when active civil society perceives that it is not being heard, it will seek out other mechanisms—be them direct or indirect—at participation and for voicing concerns, as some of the actors did in the Nova Luz case.

Additionally, it demonstrates the importance of understanding how private sector interest in redevelopment may vary based on the strategy employed by the public sector, as previous

culture-led attempts at increasing property values and interest did not result in city officials' expected outcomes. To complete any form of a public-private partnership redevelopment project, sufficient private sector interest is essential. It also suggests the possibility for the public sector to use its capacities for large-scale interventions with the institutional capacities of the private sector for development plan creation. That is, attention must be paid to the capacities for multi-sectorial planning within the public sector in order to create comprehensive development or redevelopment plans. Likewise, project timelines and political change can significantly influence the extent to which projects become completed; or if they are able to be completed. The private sector does offer some advantages when it comes to this, but decisions to contract out planning functions come with tradeoffs that must be fully and publically addressed.

Finally, it stresses the need for practicing planners to understand cities as assemblages of various policies and projects. In São Paulo, planners and city officials failed to put the Nova Luz project in the context with other recent redevelopment efforts occurring in other parts of the city, creating the situation of intramunicipal competition for private sector real estate development interest between the regions. Had this taken place, the strategies employed in Santa Ifigenia may have been different; or, at least the city officials may not have been so insistent on attempting large-scale redevelopment there. Cities are intersections of a number of different networks, dynamics, and systems that overlap in varied ways. Care must be taken to understand how these overlapping structures at urban scales impact project proposals at a neighborhood level.

Similarly, the participatory turn and privatization turn both emerged from the same historical context in Brazil, but departed on different trajectories. They came together once again in the Nova Luz project, however haphazardly. By understanding cities as assemblages, planners can better contextualize the issues facing new projects. It is clear that that at least to some extent

the municipal council participation only occurred in Nova Luz due to the existence of the ZEIS zoning distinction within the larger project perimeter. At the beginning, city planners attempted to manage this project within a project separately from the larger redevelopment efforts; civil society and later internal realizations demonstrated that there were too many overlaps between the two and they must be treated comprehensively. Had this assemblage been recognized earlier, some of the outcomes may have been different for Nova Luz. At a minimum, the participatory democracy and privatization paths could have been addressed simultaneously instead of as two separate but concurrent activities. In the end, this case shows that—although limited in Nova Luz—there is great potential and possibility for the inclusion of participatory processes in public-private partnerships for urban development.



## **APPENDIX A**

### **CREATION OF THE URBAN CONCESSIONS REDEVELOPMENT INSTRUMENT**

Law No. 14,917, FROM 7 MAY 2009 (Bill No. 87/09, the Executive approved in Substitute of the Legislature)

Article 1. The urban concession is a structural urban intervention instrument destined to the completion of urbanization or urbanization of a part of the municipal territory for the improvement of urban infrastructure and the reorganization of urban space, founded in a specific urban plan for an Urban Operation or Urban Intervention Area for the completion of objectives, guidelines, and established priorities in the Strategic Master Plan.

urban structural urban intervention instrument for the realization of urbanization or redevelopment of part of the municipal territory the object of rehabilitation of urban infrastructure and reorganization of urban space based on specific urban design in urban area of operation or urban area of intervention for achievement of objectives, guidelines and priorities established by the law of the strategic master plan.

Single paragraph. Are guidelines that can justify making urban intervention by the urban concession:

- I - raising the quality of the urban environment, through the conservation of natural resources and protection of historical, artistic, cultural, urban, archaeological and landscape heritages;
- II - rationalizing the use of existing infrastructure, particularly the road system and transportation, avoiding its overload or obsolescence;
- III – promoting and making more efficient, in social, environmental, urban and economic terms, public and private sector investments;
- IV - preventing distortions and abuses in the economic fulfillment of urban property and curbing speculative land use as a store of value, to ensure the fulfillment of the social function of property;
- V - allowing private participation in actions related to the process of urbanization;
- VI - recuperating damaged or degraded areas aimed at improving the environment and living conditions;
- VII - to encourage restructuring and urban redevelopment to better use of areas endowed with infrastructure, stimulating investment and reversing the process of population or housing emptying;
- VIII - encouraging densification of areas already provided with services, infrastructure and equipment, in order to optimize the utilization of the installed capacity and reduce costs;
- IX – urbanizing in order to suit the needs arising from new technologies and ways of life;

X – allowing the occurrence of different architectural typologies and facilitating the recycling of buildings for new uses.

Article 2. For purposes of this law , urban concession is the administrative contract whereby the grantor, through competitive bidding, delegates the legal person or consortium of companies performing urban works in the public interest, under the financial risks and obligations of the concessionary company, so this investment is paid and amortized through the exploitation of property destined for private use under the concession agreement, based on previous specific urban plans and the fulfillment of objectives,, policies, and priorities of the Strategic Master Plan.

Single paragraph. The concessionary company will get their remuneration, at their own risk, as established in the bidding documents and contract, among other documents, though the sale or lease of real estate, including the expropriated properties and real estate units to be built, the direct or indirect holding of public land in the area covered by the urban intervention, or any other form of alternative, complementary, or ancillary revenue, as well as revenue from associated projects.

Article 3. The urban concession may address, among other structural interventions, projects related to modification of the road system, land tenure, urban facilities and equipment, including public transportation systems, and the location of public facilities, demolition, renovation, expansion or construction of buildings under terms established in the specific urban design plans.

§ 1. The area resulting from urbanization or urban redevelopment through urban concessions shall be provided with, as appropriate, drinking water supply, proper sewage disposal, electricity distribution and public lighting system infrastructures, storm water management , public passenger transport and public roads with proper pavement, as well as meet accessibility standards and preferably with proper drainage, telecommunications networks, piped gas networks and community facilities for education, culture, health, safety, sport , leisure and social interaction.

§ 2. The necessary reparcelling for implementing the specific urban plan shall observe the general rules of national and local legislation applicable to the division of land for urban purposes, the strategic master plan and the law of joint urban operations, or the strategic project in which the object of the urban area grant is inserted.

§ 3. Depending on the needs of each case, the desired urban intervention, according to the specific urban design referred to in art. 8 of this Act, may be subjected to more than one urban concession.

§ 4. It is possible to integrate, within the urban concession, urban land use, as well as subsoil and airspace projects, including the deployment of underground garages and management of metropolitan network infrastructure installed in municipal areas.

Article 4. The urban concession is subject to the legal regime of public concessions governed by Federal Law No. 8,987, of February 13, 1995, with the additions contained in this Act, and sponsored concessions provided for in the Municipal Law No. 14.517, of October 16, 2007, and Federal Law No. 11,079, of December 30, 2004, without prejudice to the application of standards compatible with it the laws related to it.

§ 1. Also applicable are the legal regime of public concessions and the relevant and compatible parts of Federal Law No. 8666 of June 21, 1993, and No. 10,257 standards, July 10, 2001 and the Municipal Law 13,278, of January 7, 2002.

§ 2. If the contract award establishes collaboration on the part of the Municipal Government with funding from financing or donations coming from an official agency for technical cooperation or another multilateral financial institution that Brazil is a member, it may be outlined in the bidding conditions under agreements, protocols, conventions or treaties approved by Congress, as well as the rules and procedures of those entities, including the criterion for selecting the most advantageous tender for the Administration, which may include, in addition to price, other evaluation factors provided by them required to obtain financing or donation, and which does not conflict with the principle of objective judgment and are subject to motivated order of the executing agency of the contract, order this ratified by the next higher authority.

Article 5. Every urban concession must be authorized by a specific law that will establish the applicable urban parameters, and can only have the purpose of a continuous urban area for intervention based on the strategic master plan, even though there is no need to change the urban parameters and other applicable legal provisions.

§ 1. Each legislative authorization, under its specific law, shall contain the specific scope and specific guidelines for urban concession authorized by it, to guide the desired urban transformation in the region, according to its features and possibilities.

§ 2. The Legislature may halt the legislative authorization under this article if the urban concession does not note the authorized specific scope and specific guidelines.

...

Article 7. The authorization to open bids for the concession will be preceded by urban studies and measures under the responsibility of the grantor in which the definition of objectives, guidelines and parameters of specific public interest for the development of the specific urban design intervention to be performed by concession, comprising at least the following:

I - economic studies, market feasibility, and land title situations in the area;

II - environmental impact studies;

III - report detailing the main contents of the studies conducted and the measures to be implemented with detailed quantitative and qualitative costs and social, urban and environmental benefits of the urban intervention to be performed;

IV - conducting a public hearing in the central area of the City and in each Subprefecture where urban interventions will take place, allowing interaction with owners, residents, permanent users and potentially interested private investors.

...

Article 11. The City shall make the declaration of public utility and social interest of the properties to be subject to expropriation for the implementation of the specific urban plan under the urban concession, as authorized in item " i " of art. 5 of Decree -Law No. 3,365, of June 21, 1941, and in art. 44 of Federal Law No. 6,766, of December 19, 1979.

§ 1. The concessionary, based on art. 3 of Decree -Law No. 3,365, of June 21, 1941, and the statement to which this article refers, shall promote judicial or amicable expropriation of identified properties, paying and fully negotiating their compensation, as well as taking ownership of the respective properties, as well as promote registry changes necessary for

the realization of real estate development and implementation of the specific urban plan, as under the urban concession contract.

§ 2. Expropriation, once possession is obtained, will be irreversible and irrevocable, and the municipal government or the concessionaire will not be able to give up or waive the rights and obligations relating thereto.

...

Article 36. The Municipal Urban Development Secretariat- SMDU shall coordinate the activities of the urban concession, subject to compatibility with the Master Plan and coordination with other existing urban plans, must also draft the specific law, studies, terms of responsibility for the grantor and the specific urban project, as set forth in arts. 5, 7 and 8 of this Act, and requesting the cooperation of other city agencies, according to their specific expertise.

Article 37. The Municipal Urban Construction and Infrastructure Secretariat- SIURB is responsible for granting the urban concession under this law and the specific concession law, subject to the provisions, objectives, guidelines and priorities established in the Strategic Master Plan, as well as other municipal laws, and is responsible for the opening of the bidding, contracting, supervision and monitoring of grant.

Article 38. For each urban concession, the Executive will create a Management Council of joint composition between the Municipality and civil society representatives, in order to facilitate the participation of interested citizens, including residents, owners, users and entrepreneurs. The Management Council will conduct the necessary inspection, verification and compliance monitoring with the guidelines for the urban intervention and related concession arrangements.

§ 1. The Management Council referred to herein this Article shall be instituted after the conclusion of the urban concession contract.

§ 2. Member of the Board, 50 % (fifty percent) are representatives of the Executive and 50 % (fifty percent) shall be representatives of civil society, given the City Council Urban Policy - CMPU.

§ 3. The Executive shall indicate the Council Presidency.

§ 4. Publicity of the acts of the Managing Board, including through the publication of the minutes of regular and special meetings in the Official Gazette of the City and on the official website of the Municipality of São Paulo will be guaranteed.

## **APPENDIX B**

### **AUTHORIZING THE EXECUTIVE TO APPLY THE URBAN CONCESSION IN NOVA LUZ**

Law No. 14,918, of 7 May 2009 (Bill No. 158 / 09, the Executive approved as Substitute the Legislature)

Gilberto Kassab, mayor of São Paulo, in exercise of the powers conferred upon him by law, points out that the City Council, at its meeting of April 22, 2009, decreed and promulgates the following law:

Article 1. The Municipal Executive is authorized to apply the Urban Concession in the area bounded by the Nova Luz perimeter, in the manner and according to the rules laid down in specific municipal legislation.

Sole Paragraph - For the purposes of this law, Nova Luz is considered all of the urban interventions required to implement the specific urban project within the perimeter defined by avenues Casper Libero, Ipiranga, São João Duque de Caxias and Maua Street in Republica District.

Article 2. The specific guidelines for the urban concession authorized by this law:

- I - Conservation and restoration of existing historical, cultural and artistic heritage in the region;
- II – A balance between housing and economic activity in order to provide for the sustainability of the intervention;
- III - Implementation of housing units intended for low-income, according to planning regulations applicable to Special Zones of Social Interest (ZEIS);
- IV - Encourage the maintenance and expansion of current economic activities, especially in sectors related to technology; and,
- V - Implementation of specific planned and progressive urban design in order to avoid the aggravation of social problems and minimize the negative impacts resulting from them during the implementation period.

§ 1. The specific guidelines set out herein will guide the development of the specific urban concession project, monitoring by the grantor, and implementation of the urban concession contract.

§ 2. In order to facilitate the specific guidelines, set forth herein, the Municipal Executive will complete the registration of residents and economic activities installed within the perimeter of the urban concession, identifying, in particular, the housing conditions and the presence of jobs and tax generating establishments.

§ 3. It is entirely up to the specific urban project to define, among buildings located within the perimeter of the concession, those which will be subject to expropriation, demolition, renovation or construction, taking into account the following aspects:

I - restrictions arising from historic preservation designation;

II - costs of intervention on the building;

III - economic feasibility of the intervention;

IV - attention to the social function of property, especially with regard to the quality of the building and installed use, including in relation to compliance with municipal ordinances;

V - compatibility with surrounding properties designated in the plan.

§ 4. Preferably in dispossession, the licensee shall make arrangements with the property owner for eventual amicable compensation, in which relevant legal institutions may be employed, including the real estate consortium referred to in art. 46 of Federal Law No. 10,257, of July 10, 2001.

§ 5. Pursuant to the to-be-defined specific urban project terms, the gradual implementation of the urban concession will give priority to interventions for unoccupied buildings, those who have the least consolidated occupation, and properties that somehow cause losses to the appropriate city fruition, as much as possible.

§ 6. When interventions are necessary on buildings where registered economic activities are occurring in the gradual implementation of the urban concession, in the cases where a reasonably compatible market value property, for rent or purchase, is not offered to the establishment owner for temporary or permanent relocation, the concessionary will be solely responsible for damages related to the expropriation of the establishment.

Article 3. As applicable, Law No. 12,349, of June 6, 1997 – Operação Urbana Centro, especially its 3rd, 4th, 6th, 7th and 9th articles, applies to areas within the perimeter of the Nova Luz Project.

§ 1, Within the perimeter of the Nova Luz Project, urban design parameters of the Operação Urbana Centro may be adopted, pursuant to Law No. 12,349, 1997, being granted to the Executive Branch the consideration of financial compensation as understood in the projects carried out realization of the project or any amount paid to the grantor for the granting of the urban concession.

§ 2. The conditions in Item I herein of art. 4th and § 1 of Art. 6 of Law No. 12,349, 1997 do not apply to the Nova Luz Project.

Article 4. The Municipal Executive is required to establish the Nova Luz Management Council with joint composition between the Municipality and representatives of civil society, in order to facilitate the participation of interested citizens, including residents, owners, users, and entrepreneurs; the Management Council shall be responsible for the necessary inspection, verification, and monitoring the compliance with the general and specific guidelines for the urban intervention and the urban concession contract arrangements .

§ 1. The Management Council referred to in this Article shall be instituted after the conclusion of the urban concession contract.

§ 2. Regarding the members of the Council: 50 % (fifty percent) are representatives of the Municipal Executive and 50 % (fifty percent) shall be representatives of civil society, indicated by the Urban Policy Municipal Council - CMPU.

§ 3. The Municipal Executive shall appoint the Chair of the Management Council.

§ 4. The publicity of the acts of the Managing Council shall be guaranteed, including through the publication of the minutes of regular and special meetings in the Official Gazette of the City and on the official website of the Municipality of São Paulo.

Article 5. This law shall enter into force on the date of its publication.

## APPENDIX C

### NOVA LUZ TERMS OF REFERENCE GUIDELINES

#### Macro Guidelines:

Enhance and recuperate the built, cultural and intangible heritages; Promote better use of the constructive potential planned for the area with an increased population density; Prioritize walking and cycling, universal accessibility and use of the public transport system; Implement public facilities that support the predicted population growth; Unify the urban environment; Provide opportunities for the permanence of current residents and attraction of new ones; Strengthen economic activities and attract new businesses; Promote multifunctional occupation; Improve adequacy and planning of infrastructure and public services; Implement the project based on sustainable development standards.

#### Specific Guidelines:

- Expansion of territorial proportions between public and private areas;
- Expansion of public areas for plazas and conviviality, without compromising road connections;
- Stimulation of the functional diversity of the area as well as promotion of tertiary activities related to the culture, leisure and entertainment sectors.
- Promote the value of the local context, giving identity to the area through appreciation of sightlines and historically protected buildings;
- Facilitate the recuperation of properties designated by preservation agencies through the urban concession, allocating them to uses consistent with the intervention proposal;
- Promote the creation, expansion, and rehabilitation of green areas and open spaces for public use to function as sites of coexistence and social relations, increasing the permeability and green area per inhabitant rates;
- Promote the widening of sidewalks and creating appropriate conditions for movement, including people with disabilities and reduced mobility;
- Raise the quality of existing and proposed public walkways, indicating solutions in street furniture, street lighting, vegetation, and architecture that make these inviting spaces and allow for the movement of people in a pleasant, safe, and comfortable way;
- Improve general mobility conditions in the region, as appropriate to the proposed uses, through harmonizing the interaction between different modes of circulation and prioritizing public transport;



- Propose an articulated parking policy, based on the desired uses and population densities, the public transport system, and the road system in the region;
- Improve and valorize access to the existing and proposed public transportation network and institutional resources;
- Encourage the use of techniques and technologies focused on sustainability during project development, implementation, and completion phases;
- Develop solutions aimed at optimizing the consumption of water and energy in buildings and public and private open spaces;
- Encourage increased levels of soil permeability and storm water retention, in consideration of the performance of the drainage network;
- Promote the improvement of conditions relating to environmental comfort, both for open spaces and for built-up areas;
- Propose densities and building volumes that create adequate environmental comfort conditions;
- Promote optimal and intensive use of land for residential and non-residential purposes, compatible with the installed infrastructure networks;
- Promote the intensification of residential uses considering the paradigm of the compact city, using the population density of 350 inhabitants/ha as a reference for the area;
- Encourage a diversity of housing typologies, to meet varied resident incomes and profiles, complementing public housing, and prioritizing the current resident population and the rehabilitation of buildings in poor housing conditions;
- Encourage the installation of public housing units with an area close to the maximum limit set by law (50sqm), when destined for families;
- Implement institutional equipment compatible with the anticipated increases in population;
- Provide for the installation of local-level commercial activities and services to meet the needs of the resident population;
- Ensure compatibility between spaces for public use with those destined for residents' use, to create harmony between them at the block level;
- Encourage redevelopment and rehabilitation of buildings through retrofitting;
- Organize and optimize existing economic activities in the area, particularly with regard to their spatial distribution, constructive typology, and compatibility with other uses and spaces;
- Attract new economic activities by leveraging existing vocations, especially those related to technology, and establish new activities, detailing how to induce their development;
- Promote a mix of uses so that a diversity of activities that develop in the region, including during the day, at night, and on weekends, including the location and characteristics of specific projects;
- Promote access to entertainment and leisure activities in the area and its immediate surroundings;
- Improve the urban landscape through appropriate building volumes, with regard to relationships with the historically designated buildings, and those suitable for retrofit;
- Enhance the pedestrian scale creating suitable relationships with the ground-level of buildings;

- Define referential elements in the landscape, highlighting areas or existing/proposed buildings;
- Promote the development and enhancement of the electronics and computer technology sectors' economic activities, in place along the Rua Santa Iphigenia commercial axis, inserting them in a high quality urban area;
- Provide differentiated treatment in relation to the urban landscape, circulation, more intensive land uses, and the higher concentration of activities, building densities, and structural benchmarks, especially along specific north-south and east-west corridors.
- Ensure compatibility between the proposed intervention programs with the projects and actions planned or in force in the area, harmonizing them or suggesting adjustments in order to make them compatible and complementary.

## APPENDIX D

Guidelines for the Urban Plan of ZEIS 3 C 016

Approved by the Management Council on July 27, 2011

LEGEND:

- Guidelines proposed by the PMSP
- *Guidelines proposed by the civil society members in the Management Council*

*1. Finish, revise or redo the REGISTRATION of all residents and merchants present in the perimeter of the Nova Luz Project, whether tenants or owners, based on the following criteria: a. Provide proof of registration to the registered;*

*b. Identify in all profiles families and residents seeking future housing assistance: as families or individuals who share the same housing and require separate houses;*

*c. Ensure the completeness of the registry via documents such as water and electricity bills and property tax records (IPTU);*

*d. Adequacy of the HABI registry record with the reality of shops and homeless individuals;*

*e. General Explanation to the community about the need the registration.*

*Note: Only with the disclosure of the Registration will the Management Council be able to analyze in depth each of the guidelines established below.*

*2. Promote linkages between interventions in ZEIS, so that functional and social diversity may represent the balance that we seek to make a quality and socially sustainable neighborhood:*

*a. Articulate the elements of interest surrounding the ZEIS and Nova Luz with those inside the project area;*

*b. Integrate existing and proposed dwellings with proposed public facilities for the area.*

*3. Prioritize, in project phasing, the production of social housing over other interventions and begin the process of transformation principally on empty and underutilized areas.*

**4 Definition of areas and properties that will be subject to urban concession and the proposed interventions program, indicating those essential to the development of PUZEIS:**

*a. Revision of the criteria for defining the properties to renovate and remain, defined by the Specific Project, subject to relevant legislation, in order to not only consider constructive elements, but also the existing productive activity and uses that represent the history of the neighborhood and the region;*

- b. Definitions of the activities for the indicated renovation areas within the Specific Project Plan, *following review of the intervention criteria redefined by the Management Council program.*
- 5. *Analyze the PUZEIS and implementation of the intervention criteria block by block.*
- 6. *Reuse of the maximum of the existing structures, when possible, to reduce the impacts from the urban remodeling.*
- 7. Setting the number of housing units by type of development:
  - a. Indicate the lot and proposed developments for properties to be renovated, *following the criteria defined in the previous item;*
  - b. Perform volumetric study to quantify built area of every new development;
  - c. Consider mixed use, pursuant to law, for new projects, *prioritizing the maintenance of existing commercial uses at the ground floor of buildings, and enabling the creation of lofts for installing outlets and services that contribute to the generation of income of the residents, respecting the applicable legislation.*
- 8. Creation of instruments that can guarantee the performance of the building stock as a different activity: a. Evaluate mechanisms to indicate the target of public housing and low income market rate housing, under the requirements provided by law;
- 9. *Creation of instruments to guarantee the permanence of the resident population in the area of intervention of the Nova Luz Project, under the following priorities:*
  - a. *Residents of houses demolished in the area of ZEIS;*
  - b. *Residents of dwellings demolished the rest of the perimeter of the Nova Luz Project;*
  - c. *Residents of homes that will change use in the perimeter of the Nova Luz Project;*
  - d. *Tenants of buildings that will undergo the process of valorization and can no longer afford the high rents.*
- 10. *Creation of instruments inhibiting the commodification of social housing produced in ZEIS, so that with the future of real estate valuation process in the region, the subsidies for the low-income population are not directed to the middle class through the sale of homes.*
- 11. *Creation of instruments ensuring the relocation of residents from their current housing only when the permanent housing is ready, without having to go to interim housing, prioritizing the production of social housing over other interventions and beginning the process of transformation principally in empty and underutilized areas.*
- 12. *Creation of instruments which guarantee the permanence of merchants and service providers on the ground floor of the new developments if they have their establishments demolished and / or transformed, following applicable legislation.*
- 13. *Creation of instruments for economic, financial, and security guarantees for property owners, renters, and business owners in the event of expropriation and / or agreements for*

*exchanges in the area, through banks and insurers issuing policies for everyone, without exception, as following applicable legislation.*

*14. In the case of expropriation of the property, creation of instruments that ensure sending notices in writing via letter with the property tax registration number to all owners and renters, with a minimum of 24 months from the start of each phase.*

*15. Creation of instruments ensuring the owners of commercial and residential properties, in the event of expropriation, compensation for the fair value of real estate and not only by market value, paid in local currency and in full, following relevant legislation.*

*16. Creation of instruments that guarantee tenants of commercial property, in the event of expropriation of the leased property, the compensation, at fair market value, as stated in relevant legislation, considering the values of:*

- a. Its customers;*
- b. Start time of activities;*
- c. The monthly bills and profits;*
- d. The contract time and schedule for its completion;*
- e. Projection of net profits within the estimated period;*
- f. ' ascertainable and achievable outgoing ' lease.*

*17. Creation of instruments to ensure that all projects, without exception, will not be stopped by order of any nature, subject to contractual penalties and securities policies. And that the demolitions are only initiated when the expected start of projects in order to fulfill the social function of property and not enlarge the empty areas of the neighborhood.*

*18. Identification of properties of preservation interest that must be restored and the properties that should be the object of intervention in order to restore the facades or the relevant features, identifying the aspects to be preserved and / or highlighted:*

- a. Identify properties to be restored which are preserved by heritage agencies*
- b. Identify properties to preserve that are not protected by heritage bodies, but nonetheless possessing unique characteristics, not only taking into account the architectural features, but uses and functions which are significant to history and the memory of the neighborhood, ie , properties that represent the Intangible Heritage in the Nova Luz project area.*

*19. Definition of incentive, exemption, and funding criteria, as applicable in relevant legislation, for the recovery of the buildings to remain, whether designated historic or not, with support through technical advisory services, micro – credit, and training of professionals involved.*

*20. Characterization of the type of housing unit by resident profile, ensuring compliance to all residents and families displaced by the Nova Luz Project, following the prioritization: a. Propose typologies of housing units, compatible with the family composition profiles and incomes of future residents.*

*21. Family composition and income of residents occupying housing in ZEIS should be identified in the registry and profiles that are beyond the standard traditional family (parents and children) should also be considered:*

- a. Couples without children;*
- b. Singles;*
- c. Single person households (one person);*
- d. Extended families (composed of members with varying degrees of relationship: son, daughter, brother, etc.);*
- e. Households headed by members without spouses.*

*22. Characterize the intended uses for the property that will be subject to concession, including specific projects, with estimates of new jobs to be achieved through the intervention:*

- a. Characterize the desired non-residential uses for new ventures;*
- b. Consider jobs in the proposed new developments.*

*23. Prioritize the generation of employment and vocational training for local population, from the definition of tools to ensure that this provision prioritizes, based on the registry:*

- a. Unemployed;*
- b. Informal workers;*
- c. Homeless population;*
- d. Recyclable material collectors;*
- e. Addicts (after undergoing appropriate treatment and assisted housing, in partnership with the Centro Legal Program).*

*24. Develop collective housing programs for the homeless population, thereby reversing the closure of shelters in central Sao Paulo.*

*25. Characterization of public and private spaces for collective use and definition of spaces and referential elements / quality of public spaces:*

- a. Characterize the interventions proposed for existing public spaces;*
- b. Characterize the proposed public spaces;*
- c. Characterize private spaces with proposed collective uses.*

*26. Define planning for the most serious problems encountered in the Nova Luz Project area, such as the precariousness of garbage collection, drainage systems, street lighting, safety, and universal accessibility.*

*27. Implement accessibility programs for the local population to increase access to leisure and culture resources, which today are just frequented by elites, and even with free admission, are intimidating the population with lower income.*

*28. Analyze the Mobility Plan proposed for the region, in order to minimize the negative impacts of proposed major projects, such that pedestrian and public space are prioritized to the movement of cars, which have alternative parking and circulation to avoid conflict with other uses.*

*29. Guarantee the permanence of the characteristics of the neighborhood, so there are no changes in nomenclature that represent the identity of the neighborhood, such as the names of streets, avenues and buildings, or changes in the characterization of local trade.*

*30. Promotion of the socioeconomic integration of the population to be served in the projects of social interest (HIS and HMP):*

*a. Suggest mechanisms for socioeconomic integration of current and future residents of ZEIS and Nova Luz, for example, the use of ground floors of buildings and lofts for generating income and employment and vocational training programs.*

*b. Promote Human Development of the local population through cultural activities and training.*

*31. Develop a system of post-occupancy social monitoring and popular education, especially for the low income population through shared management between government and housing movements in order to ensure adaptability to new housing, condo living and economic emancipation.*

*32. Development of alternative policies to the personal home model, (like Social Lease) for the 0-3 mw population housing, which is the majority in the area and cannot afford the formal financing system.*

*33. Characterization of public facilities necessary to meet the expected population (anchor), prioritizing social needs of the fragile local population including drug users, the homeless, and informal workers: a. Estimate the necessary public facilities to serve the local population, considering the future scenario.*

*34. Definition of PUZEIS management mode, which should be participatory and include the resident population: a. Promote the monitoring of the implementation of the ZEIS Urbanization Plan through its Management Council.*

*35. Establishment of a local office for the management of ZEIS in Nova Luz, which will centralize information and relations between city hall and the population:*

*a. With the detailed urban and social plan available;*

*b. With availability of various laws and documents related to the project (legal, urban planning, social, budgetary, etc.);*

*c. Articulator of various social policies in the area (health workers, income generation programs, vocational training, care for the elderly and vulnerable children and youth, among others), both developed by the government as by local social organizations;*

*36. The Nova Luz project management, in debate with this Management Council, should start parallel work IMMEDIATELY to the development of the 'Project' to: promote the acceleration of the quality of life of local populations and improve public services in the region, such as public health, safety, waste disposal, drainage, lighting, among others, since the quality of life in the region is getting worse, making the daily lives of its residents and workers difficult.*

*37. The Nova Luz project, with a 20-year deployment horizon, can begin to be implemented at once, with the improvement of basic services that are the direct responsibility of the government.*

## **APPENDIX E**

### **SUBPRODUCT 6.1**

Title: Licensing and Public Hearings

Date: 08/24/2012

Revision 01: 18/09/2012

#### **Project Review Objectives**

Interactions with civil society and technical bodies, from the numerous hearings, elicited a significant set of improvements to be incorporated, as well as suggestions to be observed in the development of the Nova Luz Project, in its final edition.

The preceding chapters punctuated dialogues and interactions in order to observe the considerations brought up in the process.

This chapter intends to compile the suggestions, which will be taken into account to complete the project plans.

#### **Regarding Housing:**

1. The Nova Luz Project shall indicate the need for future building projects in ZEIS seek to maximize the supply of housing units considering the existing constraints in land use law and restrictions related to historic preservation;
2. Regarding Housing Units proposed for ZEIS - 3 C 016 (Se), the Final Project and related studies should indicate the allocation of at least 80 % of the total housing units, produced in the perimeter subject to the ZEIS urbanization plan ZEIS C016 - 3 (Se), for Social Housing and a maximum 20 % of that total supply of units for low income market rate;
3. It was still expected to incorporate a set of buildings for which there was publication of Decree of Social Interest, located in the area called Nova Luz outside the area ZEIS C016 - 3 (Se). These buildings will be rehabilitated and are expected to produce affordable housing and low income market rate, with allocation of spaces located on the ground floor for non-residential uses.
4. Whereas the maintenance of road alignments at Avenida Duque de Caxias, the possibility of implementing a bus corridor in the Contra-Rotula, from the interest of transportation agencies, as well as the limitation of templates provided in the CONDEPHAAT instructions was amended prior allocation of proposed residential uses for tax blocks 060 and 068 Sector 008 Generic Plant Securities.



Regarding Historic Preservation:

1. The possibility of keeping plaques on natural stone indicating the existing alignments and record the occupation of this area will be assessed, as pointed out by Councillor CONDEPHAAT in its opinion.

Regarding Streetscapes:

1. With respect to bus shelters: Project should adjust the nomenclature currently used to Passenger Shelters, present model specifications to be used, including the material to be used stainless steel or anodized aluminum. Along the stretch of Avenida Rio Branco in the Nova Luz Project Area, the standard shelters used throughout this corridor will be retained.
2. With respect to the bollards: Project will present the detailed specification of parts and models.
3. With regard to benches: revisions will take place to ensure a diversity of models, (with and without backrest, with and without armrests) and with side open areas, especially for those to be used in rain gardens.
4. The Project will take into account the use of stainless steel as base material of public benches, because of durability and less interference and shall present a breakdown of parts or specifications of the models;
5. The Project will provide free sites next to benches for wheelchair users.
6. With respect to the bike racks: the nomenclature PARACICLO will be used. The Project shall submit specifications and models for antitheft protection against broken bikes, assessing in particular the suggestion to use the model developed by SPTrans and approved through Resolution SMDU.CPPU/009/2011 CPPU. This alternative model should follow the same standards.
7. With respect to the collars of trees: Project will observe the nomenclature currently used-ARVOREIRAS-and also present details of parts or specifications of the models.
8. With respect to lampposts: defined criteria alignments of the fixtures will be in bays and bus stops, parking spaces, with detailing that fulfills criteria of distance and alignment; the installation of lighting poles and shared pedestrian lighting will be considered, to be detailed in future projects, which may also consider the installation of audible traffic signals.
9. Regarding the trashcans: Project is expected to just use litter bins, for which the model specifications with protection from rain water should be presented so as to prevent the accumulation of liquids.
10. With regard to public telephones and mailboxes: Project should indicate the recommended placement thereof, so as to allow the presence of such equipment in all blocks.
11. With respect to the positioning of street furniture: The Project will review the insertion of pieces of street furniture in order to avoid conflicts between proposed equipment, trees, and lighting, from the adjustments made herein;
12. The positioning of street furniture will be revised considering the appropriate distances of each object according to their size;
13. The Project will strengthen the identity of the corners, observing location criteria according to the size and influence and eliminating obstructions of visibility, as defined

by Brazilian Traffic Code, the ABNT NBR 9050 1994, or superseding official technical standards which may replace it;

14. The Project will indicate the minimum distances of equipment with respect to the gutter and other components, and seek to standardize the distances between “families” of urban elements, arranged for driveways, pedestrian pathways, squares, corners, roads, walkways, etc.;
15. The minimum distance of 0.5 m from roads, in order to facilitate the movement of emergency vehicles, will be indicated.
16. With regard to identification and horizontal and vertical traffic signs: The Project will meet all demands in accordance with the Brazilian Traffic Code - CBT and to the specified rules.
17. With regard to traffic lights: Project will consider the installation of audible traffic signals.

#### Regarding Accessibility and Mobility:

1. With regard to bike lanes: The Project will review the proposed bike lanes in order to reconcile these with access to lots and with loading and unloading areas, especially along Rio Branco Avenue;
2. the proposed bike lanes for Ipiranga and São João avenues will be removed;
3. Bike lanes along Avenida Duque de Caxias and Maua Street will be deployed in the stretch where there is no movement of buses in order to avoid conflicts between bike lanes and bus stops.
4. With respect to loading and unloading areas: Shall be revised in order to ensure universal accessibility.
5. With respect to parking bays: Project shall indicate the wheelchair accessible places (along the accessible routes, with estimated additional range of movement and lowered curbs for handicapped access) without obstructing open lanes.
6. With respect to the drainage system grills along accessible routes: They shall state that the final design ensures maximum spacing of 1.5 cm.
7. With respect to the materials applied to crossings and walkways: Project will review the materials to be used, in order to avoid judder as well as the effect of unevenness.
8. With respect to directional floors and alerts: directional and warning signs shall be installed on the sidewalks, crosswalks, and obstacles, as foreseen in the ABNT Technical standards related to accessibility. Whenever possible, elevated crosswalks will be used.
9. With respect to the tactile tiling: Project will ensure the presence of directional tactile paving, leading mainly to ramps and crossing points of interest (bus and subway), as well as the stationary obstacles (mailboxes and telephone booths).
10. With regard to crosswalks: The Project will restructure all those without an island and those which are misaligned;
11. In places where it is not possible to raise the crosswalk, the following should be used: crossing ramps, the width of the crosswalk and 8.33 % slope, and tabs for areas located beyond the range of the crossing. Continuity will be provided in the guide lines (directional tread or other distinctive flooring) through squares and other buildings in remote lots.

12. Regarding the levels of the passageways and ground floors of the buildings considered permeable blocks: They are to be at street level through use of ramps or with a maximum disalignment of 1.5cm between the loading/unloading areas and passageway.
13. With regard to the alignment of roads: The Project will maintain the current alignment of Maua Street and Avenida Duque de Caxias to "ensure the ability and conformation of the lanes of the current Avenida Duque de Caxias / Maua Street for future compatibility with projects for the region, such as the connection of Avenida Ribeiro de Lima/ Avenida Duque de Caxias below Jd. Luz - PDE / PRE 2012; Arco Norte; and the Airport Express project";
14. The Project will eliminate the proposed elevation at intersections of arterial roads and the mini-ring road proposed for internal circulation in the area, for security reasons, as highlighted by the technical body;
15. The Rio Branco Corridor has a SPTrans specific project, aimed at paving high traffic areas: "on Avenida Rio Branco, rigid pavement will be deployed in the left lanes, which will remain under their jurisdiction.
16. With regard to the lowering of gutters: Lowering will occur according to the determinations of the Brazilian Traffic Code, along with the guidelines specified by the CPA, SEMPED, ABNT NBR 9050 1994 using type II, or in the impossibility of 1.2 m spacing on the sidewalk, type III can be used under determinations 15.442/2011 Law (Article 8 ) ";
17. With respect to specific "nodes" Rua Vitória x Rua Barão de Limeira; Rua Conselheiro Nébias, Rua Guaianases, Avenida Rio Branco, Rua Santa Ifigênia, Rua dos Andradas, Rua do Triunfo; Rua dos Gusmões x Rua do Triunfo: the project will indicate the needed detailed minimum distances of the various streetscape features following their spacing on Rua Vicoria.

#### Regarding interventions:

1. With respect to the property at Maua Street # 342 and # 360: Project will comply with the request of the Management Council of ZEIS C016 - 3 (Se), indicating the building to be maintained and excluding it from the Urban Concession.
2. The implementation schedule will be revised to change the allocation of uses in blocks 075 and 076, Sector 008 for the reallocation of public areas, for social facilities, as well as considering the request of the Management Council of ZEIS C016 - 3 (Se), that blocks 065 and 073 Sector 008 be included in the first phase of intervention;
3. For Bar Léo: Maintaining the property will be incorporated in the terms established by the Management Council of ZEIS C016 - 3 (Se).
4. Similarly, under the terms established by the Management Council of ZEIS C016 - 3 (Se), the properties at: Rua Aurora nº 580-588, Casa Aurora; Rua Aurora nº 187, Casa del Vecchio Ltda; Rua General Osório nº 46, Contemporânea Instrumentos Musicais; annex of Rua General Couto de Magalhães nº 172, Padaria Cascatinha, will be maintained.
5. Regarding blocks 075 and 076: guidelines for intervention in these blocks will be presented, considering the proposed changes in uses and areas for installation of public social facilities, as proposed by the ZEIS C016 - 3 (Se) plan.
6. Block 084: The previously proposed use and objectives will be reviewed in order to create an open space for public use, preferably for the purposes of recreation and leisure, and allowing for local cultural and social events.

7. Interventions proposed in phase 6 (six) under the urban concession will be reviewed under the criteria specified.

Regarding Social Resources:

1. Proposed social facilities will be revised following collaboration with the Social Welfare, Culture, Education, and Health Secretariats.
2. Public social facilities shall primarily located in blocks 067, 068, 075 and 076, Sector 008, as compatible with the demands presented by the municipal secretariats, in properties suitable to those activities.
3. Regarding existing social facilities like Creche Esperança, the project maintains the proposed intervention on the property, but recommends the establishment of a partnership between the managing body of the NGO and the Secretary of Education to establish mechanisms that will enable this institution to manage one of the new proposed daycares.

Regarding Building Uses:

1. Public housing and low income market rate housing to be built in the ZEIS - 3 C 016 (Se) region shall have mixed residential and nonresidential uses, at least 80 % and at most 20 % of computable total built area respectively, following current legislation, and seeking where possible to use the maximum permissible limit for non- residential uses located on the ground floor.

The revisions are compiled herein, upon which the project team will be working on this final step in order to place the project in the desired level to support the process of the Nova Luz Urban Concession.

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## **List of Formal Interviews Conducted**

Alonzo Lopez (08/2012) Nova Luz Public Housing Project Manager, Housing Secretariat  
Anna Barros (02/2014) Nova Luz Lead Planner, SP Urbanism  
Antonio Santana (07/2013) President, AMSI  
Antonio Santana (10/2012) President, AMSI  
Clara Marques (03/2013) Communications Director, Nova Luz Project  
Clara Marques (07/2012) Communications Director, Nova Luz Project  
Jacqueline Mazoni (09/2013) ZEIS Council Coordinator, Housing Secretariat  
Jacqueline Mazoni (08/2012) ZEIS Council Coordinator, Housing Secretariat  
Joyce Reis (09/2013) SMDU Employee  
Luis Ramos (08/2012) Nova Luz Project Coordinator, Urban Development Secretariat  
Luis Ramos (11/2013) Nova Luz Project Coordinator, Urban Development Secretariat  
Luiz Kohara (11/2013) Director, Centro Gaspar Garcia de Direitos Humanos  
Nabil Bonduki (08/2012) City Councilmember, author of bill to end Nova Luz and Urban Concessions  
Nelson Souza (03/2014) Community Leader, ZEIS Councilmember, MSTC (Maua Occupation)  
Paulo Garcia (09/2013) ACSI President  
Paulo Garcia (08/2012) ACSI President  
Regina Meyer (08/2012) Project Consultant, author of previous redevelopment projects  
Roberto Mallo (03/2014) Community Leader, MSTC (Maua Occupation)  
Simone Gatti (07/2013) ZEIS Councilmember, AMOALUZ  
Simone Gatti (10/2012) ZEIS Councilmember, AMOALUZ  
Teresa Herling (04/2013) Adjunct Secretary, Urban Development Secretariat  
Teresa Herling (09/2013) Adjunct Secretary, Urban Development Secretariat

## **Selected Laws and Documents Consulted**

Cadastros de registro populacional

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Decreto Municipal Nº 45.127 de 13 de agosto de 2004

Decreto Municipal Nº 46.996 de 2006

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Lei Federal 11.079/2004 Parcerias público-privadas

Lei Municipal Nº 13.430 São Paulo 2002 Plano Diretor

Lei Municipal Nº 14.096

Lei Municipal Nº 14.917, de 7 de maio de 2009, Concessões urbanas

Lei Municipal Nº 14.918, de 7 de maio de 2009, Autoriza o executivo a aplicar a concessão urbanística na área da Nova Luz

Projeto de Lei da Prefeitura de São Paulo 282/2013 Abril 2013

Subproduto 6.1, CAPA: Licenciamentos e a Audiência Pública, Data: 24/08/2012, Revisão 01: 18/09/2012

Subproduto 7.2: Relatório Circunstanciado, NL\_PUE\_A4\_T032\_R00, Outubro de 2012

Subproduto 7.3: Comunicação da Etapa de Relatório Final, Outubro de 2012, Revisão 01

Termos de Referencia Projeto Nova Luz



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